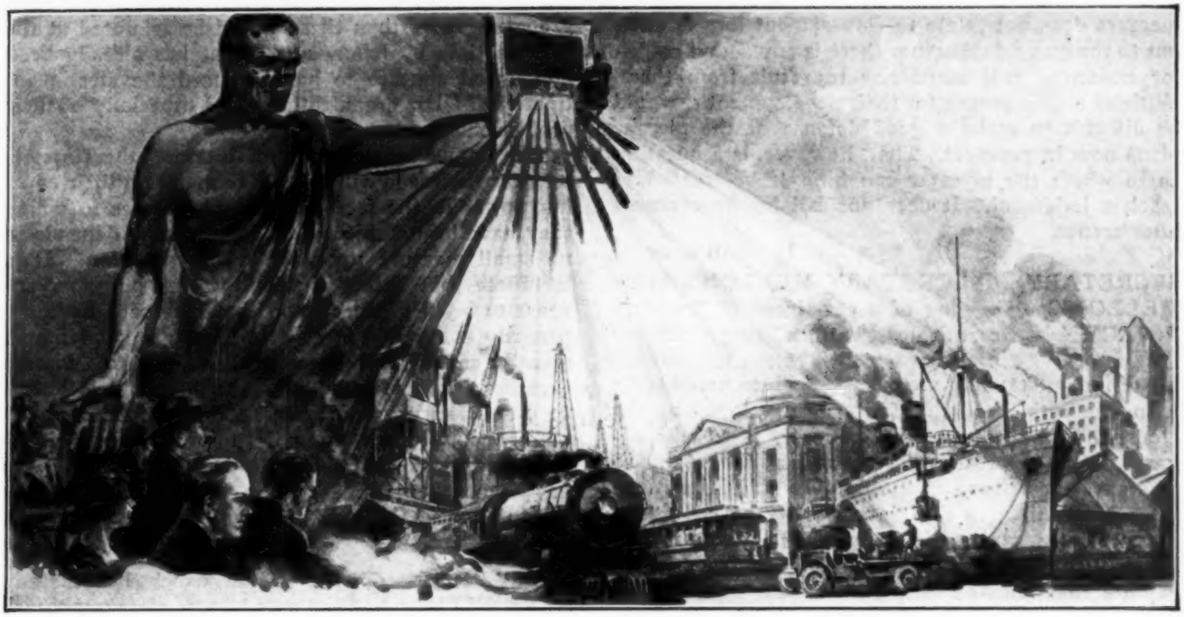


The Outlook

The Outcome of the Bankers' Paris Conference— The Inquiry Into Steel Mergers — Outlook for Railroad Earnings — The Market Prospect

NO GERMAN LOAN

THE outcome of the Paris conference of bankers, as embodied in the note sent to the Reparations Commission on June 10, furnishes the best review of the present German financial situation that has thus far been offered. In substance, the bankers' committee states its opinion that nothing can be done in the way of floating the German loan until there has been a revision of reparations terms. This, however, is apparently out of the question on account of the opposition of France. The French representative on the committee of bankers was himself opposed to any modification of reparations terms, and this is essentially the same position that had previously been taken by M. Poincaré in his former statements of policy.

While the bankers' meeting has apparently thus ended in failure, it has rendered the same kind of service as did the Genoa Conference itself—it has helped to clarify and simplify the issues involved and to put them in a clear form before the public, so that there could be no mistaking their real meaning. The question of France's attitude is thus really the turning point around which the whole problem of European rehabilitation revolves, and the bankers have practically given France three months within which to make up her mind whether to reconsider her past position or not. Should she not do so, it seems difficult to foresee anything in European finance other than a continuance of the chaotic and disturbed situation of the past. Certainly the French attitude up to date has not been provocative of much good. It has postponed the return to international stability.

THE EXPECTED HAPPENS

SAMUEL UNTERMYER'S announcement that there is clearly nothing in the so-called steel mergers now in prospect that definitely subjects them to the charge of illegality might have been expected from the outset. It was plainly evident all along that there was no reason to suppose that any element of "monopoly" could be expected to inhere in these new organizations, in view of the Supreme Court's decision that U. S. Steel itself was not a "monopoly" or "trust."

The question what was the purpose of the local "investigation" into the steel merger conditions thus becomes very pertinent. Apparently there was no good reason for conducting it, and as little for the demand that curb trading in the stock of one of the new enterprises, when issued," should be discontinued, though trading later was actually discontinued.

Meantime, unofficial intimations from Washington are to the effect that there is little reason to anticipate early interference at that end of the line to the plans for effecting a merger. The Trade Commission's hearings will evidently be investigative purely, and give no promise of any definite administrative result. All this is exactly in line with the predictions that had been made by well-equipped observers at the outset. It raises the question whether such investigations are not very unwise, unless there has been some positive warrant for conducting them, since they may be used as a vehicle for speculative attack upon market values.

The question now to be confronted by the steel

mergers does not relate to Government interference, but to the question whether there is any sound reason for expecting real economies to result from them. Without such a reason for their development it would be difficult to make a good defense of the merger plans now in prospect. That, however, is a question as to which the investor can himself be trusted to reach a judgment. It does not call for government interference.

* * *

SECRETARY MELLON'S POLICY

SECRETARY MELLON'S offering of a new issue of Treasury certificates, with a supplementary proposal which involves the refunding of the outstanding victory 4¾%s into new 4⅜%s is in line with the policies already developed by the Department. The intention evidently is to take advantage of the present low rates for money and so to secure the reissue of outstanding obligations in a form that will give the Government the advantage of prevailing savings in interest. Apparently the Department does not feel great confidence in the indefinite maintenance of present rates, since otherwise it would wait until considerably closer to the maturity date of its outstanding notes instead of endeavoring to call them in at the present time. On the other hand, the Treasury financiers plainly recognize the circumstance that long term bonds are not today as favorably priced as are short term securities, and that, therefore, the present moment is probably not very favorable for a policy which would convert the victory notes into long bonds.

How much warrant there may be for this point of view is, of course, a matter that depends upon the opinion entertained concerning the early future of market rates of interest. Meantime, it is well worth noting that the general public is rapidly going out of liberty bonds as an investment, disposing of these securities and taking higher rate industrial and railroad (and probably some foreign) issues in place of government securities. The liberty bonds are coming once more to be in no small degree held by institutions, although now upon quite a different basis, since they are passing into the hands of these institutions today in full ownership instead of being, as formerly, the basis upon which large bank loans rested—through their use as collateral to protect the notes of individual borrowers.

* * *

RAILROAD ECONOMIES

FURTHER economies in railroad expense of operation have been rendered possible by the action of the Railroad Labor Board in cutting the wages of still further classes of employees. The total of the savings which have thus been introduced or are definitely expected is now about $150,000,000. This, of course, is considerably less than one-half of the estimated losses which the roads must suffer through the recent cut of 10% in rates. There may be further wage reductions in prospect; but if there are the public does not know of them, prevalent opinion being to the effect that those which have been announced are all that are to come. In fact, it may well be doubted whether wage reductions aggregating more than these would be tolerated at the present time by labor, since what has already been announced appears to have aroused the strong antipathy of labor organizations, and especially of their professional leaders.

The immediate question of interest, therefore, is how far the roads will be able to maintain their earning power in the face of the cuts in rates to which they have been subjected. This, in turn, depends in no small measure upon the traffic situation. It is fortunate that a large agricultural output now appears to be in prospect, and that the roads have apparently every reason to count upon a good movement of manufactured commodities, the two factors together apparently tending to make on the whole a very satisfactory traffic year. That may enable the better managed lines to make a good earnings showing, even in spite of the wide margin between what has been taken from them in rates and what they are to save in the way of wage reductions.

* * *

SLOW PROGRESS WITH STRIKES

ONE factor which has already operated very unfavorably to the railroads as well as to other industries is the slowness with which any strike settlement has been developed either in the textile field or among coal miners. It has been widely stated that the past week or two would see a full settlement of the disputes in the New England cotton milling region, but nothing of the sort has occurred, those mills which have reopened doing so with depleted staffs. On the other hand, the coal strike is apparently at an impasse, neither miners nor operators being disposed to reach an adjustment at once. A favorable factor in this situation, however, is seen in the circumstance that industries appear to be well provided with fuel for some weeks to come, so that there is seemingly little to warrant the advances in price which some over-anxious dealers have been attempting to introduce, to the disadvantage of the consumer.

* * *

MARKET PROSPECT

IN our previous issue we stated that the absorption of stocks should continue until the advance became unhealthy or something developed to chill confidence. A number of things have occurred of late which have produced hesitancy on the part of the public. Among these are the failure of the German loan negotiations; the reported overproduction of petroleum; the disclosures in connection with the steel merger; the probable railroad strike; also other influences of strong psychological effect under conditions recently prevailing.

The rise in prices of stocks which has been under way for many months, has received its first serious set-back. While it is difficult to decide at the moment whether this is a reaction in the bull market or the beginning of a downward swing, it would seem to be the better part of wisdom for long-pull investors whose profits, in spite of the reaction, are very substantial, to accept at least part of these profits. After what has happened, the course of the market is not likely to be so definitely and uninterruptedly in one direction as it has been.

June 19, 1922.

How the Government Creates Investment Opportunities

Great Markets Made and Business Stimulated by Government's Reclamation Projects

By Hon. ALBERT B. FALL
Secretary of the Interior

I SUPPOSE if you were to ask the average small investor of the eastern half of our country what he thought of the government's reclamation work, he would think you were talking about some sort of a social regeneration scheme—so little do people know of what *their* government is doing with *their* money and *their* property. And yet I have no doubt that many an investor is clipping larger coupons or benefiting from increments of market value of his shares and bonds *because* of the reclamation work.

Our Reclamation Service reclaims land instead of people and makes it fit for cultivation, but incidentally, I think, it is true that it does establish, if it does not reclaim, men and women. It plays a large rôle in the economic life of the nation, and as time goes on will play a still larger one. At present the work of making arable land is confined to making the soil in the arid or semi arid regions of the country fruitful by supplying, through irrigation works, the moisture that nature withholds. In the near future I believe this work will be extended to the reclamation of land from swamps and marshes, to the rehabilitation of lands of poor soil and to the preparation for the plow of great areas of forest land from which the timber has been removed but which has not yet been brought under cultivation.

The Abundance of Our Natural Resources

In marshalling our boastful figures of American progress we are sometimes apt to forget the great part played in our advance in industry and wealth by our abundance of natural resources. We have had a rich continent, untouched by the aboriginal inhabitants, at our disposal. One of the great phases of our development has been the agricultural development that was made possible by vast areas of virgin agricultural land, which were obtained free by their owners under the homestead laws or very cheaply in other ways. It was the settlement and cultivation of these lands that made possible the rapid growth in our population and so created that vast home market of ours, which is the one incomparable market of the world. Cheap land and rural population are intimately related. It is believed that our rural population would be about as large as it is to-day even if we had had no immigration in the last hundred years. The original stock was numerous enough to have multiplied by this time to the full extent of the wealth-producing capacity of the soil. Plenty of cheap food and comfortable material conditions are always associated with racial fecundity. As land becomes scarce and high in price population tends to become stationary in nations which rely chiefly on their own resources and markets for their prosperity. People leave the country when good land is held at very high prices and migrate to the cities or to foreign lands. We have had a taste of the latter in recent years. At the very time that we are worrying about the relative decline of our rural population many thousands of our farmers have migrated to Canada—simply because there were still in that country virgin lands, free or cheap, and because of an enlightened encouraging governmental policy.

The settlement of a new country, if it be rich and markets for its products are at hand, necessarily means the rapid production of new wealth. Such a region affords a better market for manufactured goods, in many respects, than an old settled region, for it has to be completely equipped with buildings and all the material forms of capital of an endurable nature, which in older regions are subject only to replacement. Thus the older settlements in our country always profit from the development of the newer to an extent that would be ordinarily out of proportion to the population of the newer region.

Although in one form or another our people are still entering into the possession of the public domain to the extent of the area of the state of Maine each year, very little of it is subject to profitable cultivation. Except as irrigation gives it to us, there are no longer large tracts yearly brought under the plow by swarming settlers accompanied by new railways, and new towns and cities.

American Expansion at an End?

In a sense, the characteristic American expansion that has gone on for three hundred years has come to an end. Thus we are denied a source of new wealth that has, especially in the last 75 years, enriched us as no other modern nation has been enriched. Viewed in this light our reclamation work assumes a national

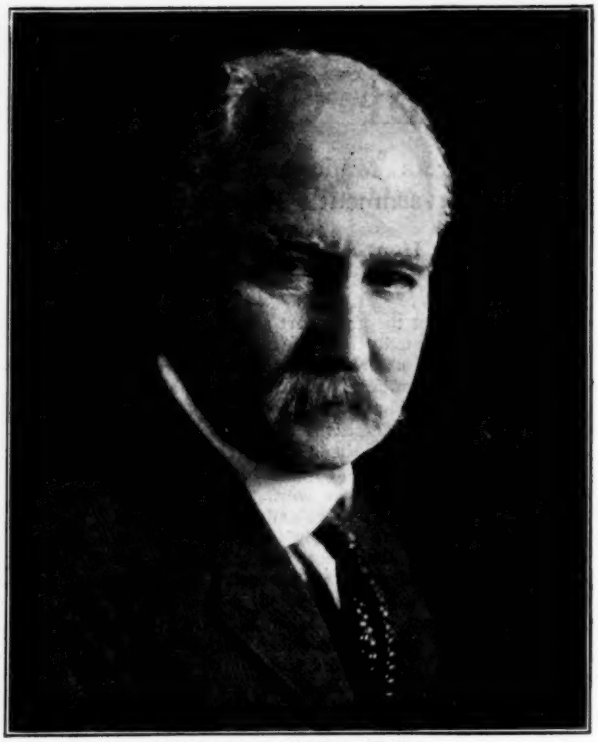
THE SALT RIVER PROJECT
Arizona Desert Before Irrigation — Same Land in Orange Groves After Irrigation

significance. There being no more ready made land, we are making it. By doing so we may continue to some extent that extraction of wealth from the natural resource of the land that has had so much to do with our surpassing prosperity in times past. There is scarcely an industry in the country—which is equivalent to saying scarcely an investment—that is not affected by the plow's conquest of new lands. Higher interest rates, larger dividends welcome accretions of investment values and named investment opportunities are associated with the development of natural wealth in the form of rich soil.

We have found new homes for 450,000 people, where only a few hundred or at most a few thousand would otherwise have been living today. In terms of urban population that means the city of Washington or almost as much as San Francisco. In terms of state population it is a little more than that of Utah, about 2⅓ times that of Wyoming; six times that of Nevada and twice that of Delaware. The lands that are totally dependent upon government water produced crops in 1920 that were worth $66,000,000, and since the inception of the work they have produced considerably over $400,000,000 worth of crops to say nothing of livestock and its products. The actual permanent investment in the reclamation works is around $130,000,000 and the crops raised on all the land that benefits from them amount to about that in a single year. The banking capital of the new irrigation communities is $15,000,000; and 284,000 depositors in 247 banks had $144,000,000 to their credit in 1920.

The reclaimed lands produce between two and three times as much in acre-value as the average of agricultural lands in this country; consequently they are the equivalent of at least 5,000,000 acres of ordinary land. Visualize a tract of land as large as Massachusetts but all cultivable and you get an idea of what an investment of $130,000,000 in twenty years has accomplished towards keeping this an expanding country. In passing let me say that this capital was derived from public-land sales or revenues and that it will be paid back into the public treasury.

It is safe to say that the standard of living of the 450,000 people on the reclaimed lands is far above that of the American average. That means that they are exceptionally good customers of the railways, and all the manufacturing and mining and commercial industries in which are lodged investment funds. I wouldn't be surprised if their annual purchases are at the rate of three times as much per capita as those of older communities. In 1920, for example, the people of the West Nebraska project bought $10,000,000 worth of manufactured goods besides meeting instalment payments on their land, paying taxes, transportation bills and making investments.



HON. ALBERT B. FALL
Secretary of the Interior

Of Importance to Investors

In view of these facts, it seems to me that everybody who has a stake in the prosperity of the United States should favor the extension of the government irrigation work. Every dollar spent in that work means $4 or $5 of added real wealth and on the present basis, $1 a year of wealth production. In a large way every investor is investing in, banking on and backing the United States. The United States is his. What other single activity adds as much to the value of his estate as the reclamation service.

Many millions of acres remain to be brought under water. The outside total for which water could conceivably be supplied is perhaps 50,000,000 acres. But we have before us for decision now the reclamation and water insurance of more than 2,000,000 acres in the lower Colorado river basin in Arizona, California and Mexico. It will cost around $90,000,000 to dam the Colorado and build the canals, etc., but it will all come back; in fact the incidental waterpower may finance the whole undertaking; and a population of 500,000 will be supported. Ten years or so will bring this about once the work is undertaken. Then there is that huge Columbia River basin project in Washington which will cost two or three hundred million dollars, but will in effect add two or three small states to the Union.

I have no doubt that in the not-distant future we shall undertake to reclaim the swamp and cut-over timber lands in all parts of the country. The most conservative estimate is that there are 79,000,000 acres—124,000 square miles—of idle land of that sort that can be profitably reclaimed by draining, clearing, etc. That is about the size of the British Isles, or more than half that of France. In such enterprises we can go on expanding our effective territory and our rural population, continue to enjoy the benefits of growth and defer national stagnation for many generations to come.

One Hundred and Fifty Billions of Wealth

Through reclamation we thus have vast resources of arable soil yet to be developed. But besides land, we are still far from the end of our rope. Our unused mineral resources are enormous. We can go on for generations turning nature's stored-up wealth into consumable wealth and enjoying sources of prosperity unknown to older countries. Fortunately, a large proportion of these mineral resources are lodged in the public domain. I estimate that $150,000,000,000 of wealth can yet be extracted from the coal, oil, oil shale, potash and phosphate deposits of the public lands, to say nothing of the surface value of the land, the forests and the waterpower. Royalties from the development of these resources should pour billions of dollars into the public treasuries. The $4,650,000 or so annually that has already trickled in under the leasing law of 1920 will eventually grow into such a revenue flood as will materially reduce the burden of taxation. In the past our public natural resources have not profited the government much, though the people greatly. From now on a wise policy will enrich the state at the same time that it leaves a fair field for private initiative and enterprise.

Anyone who assumes that the United States is at the end of its natural riches and is no longer to amass wealth through the bounty of nature's stores is sadly mistaken. There are golden years of development ahead of us.

From each recession of prosperity that we have had in the past we have rushed up to greater heights of commercial and industrial well-being than ever before. We have not yet attained the ultimate peak. **My advice to the investor is the same that J. J. Hill gave years ago: "Save your money and bet it on the United States." That is a tip that has never lost.**

The Real Force Behind the Market

Developments That Reflect Public Participation—Why the Market Seems Destined to Broaden Out Still Further

By JAMES F. MASTERSON

DESPITE many inferences to the contrary, the public is "in" the stock market. The longevity of the present movement is in itself a clear indication of this, for it is a well-established maxim that the market is "made" by the public and that no upward swing can be long sustained without the powerful support of the public's buying orders. Hence, when the majority of orders being placed by the public is on the buying side, the trend is upward; likewise, when the public is selling, prices follow downward.

A careful study of the situation, aided by an extensive canvass of the odd-lot houses and the commission brokers reveals the following facts.

The average daily transactions in odd-lots are now running at the rate of over 30% of the total daily transactions in full lots on the Stock Exchange, according to the latest estimates of the odd-lot dealers. This shows an increase over the average odd-lot sales of a year ago, when the rate was estimated at about 20%. These transactions, of course, vary according to the volume of buying or selling being done by the commission brokers in fractional lots for the public. Within the past few months the odd-lot houses have found it necessary to add materially to their office and floor forces to take care of the increase in this business.

The present rate of odd-lot buying is tending to show further increases, the dealers say, and preparations are being made to cope with additional business. The installation of labor and time-saving machinery is now under way in the Stock Exchange, and plans are being formulated to lessen the chances of mistakes in quotations, etc., that occasionally occur in the transaction of an odd-lot order. **One dealer in odd-lots has been compelled to increase his clerical force from four to twenty men within the last six months.**

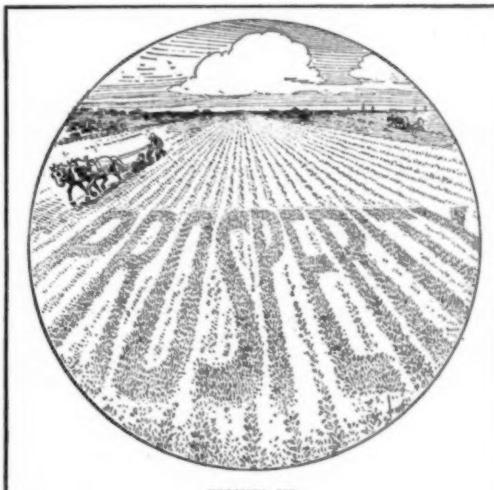
Few Realize Odd-Lot Influence

Comparatively few people outside of Wall Street realize the importance of the effect on the market of these innumerable small orders called odd-lots. Their influence is apparent, though, when consideration is given the fact that for every 1,000,000 shares traded in 300,000 shares in odd-lots are handled, and that many of the 100-share sales that go to make up the million are only made possible by the ordering of the smaller units. It is known that this business of odd lots—or public buying—has been the mainstay of the whole market at times; that is, there have been many instances when the market showed a tendency to sag as the result of large blocks of stock being of offered for sale by the so-called "professionals," where the steady accumulation of buying orders in small lots has halted the drop and kept the market on an even keel. Here again is seen the public hand.

Just about this time last year, though unnoticed, the public commenced to buy stocks, gingerly at first and then with more confidence. The investor of small or moderate means began to realize that it was his opportunity to acquire good securities at bargain prices. The speculators were scrambling to get out and the real investors were taking their offerings.

The aspect has changed somewhat today. Odd-lot dealings have increased. The market is considerably higher on the average, and in a broad way, a great deal stronger. It is true that many of the small investors of a year ago have already taken their profits in the present movement. But it is also true that more and more of the public is attracted to make purchases as it witnesses the steady, upward climb of security prices, and these people are taking up stocks where the first investor has let them go.

This is a healthy condition marketwise. For the investor who got in near the bottom is not going to stay out of the market altogether after taking his profits but is going to put these profits into some other securities that still seem to be at attractive prices. If this is the truth in the majority of instances, it cannot help but have a steadying effect on the whole market.



COMING UP.

—Knott in the Dallas *News*.

Brokers' Loans Increasing

Another important consideration is the subject of brokers' loans. It is a well-known fact that a large increase in these loans are indicative of an increase of stock-carrying for the public. Brokers' loans are now estimated at $1,500,000,000 by reliable authorities. But they are still below the peak point of July, 1919, when they aggregatd $1,750,000,000. They are, however, back to the level of October of that year. One commission broker estimates that on the average brokers have placed collateral for up to and above 60% of their capacity. On this basis he forms the conclusion that the public is considerably less than half-way into the market. In other words, the real distribution period has not yet set in. We are now about half-way in what may be termed the "accumulation period." The latter describes the period in which shrewd, careful investigation is made; the former is the approach of what is known as the "top" of the market, when a wild rush on the part of the speculative public to "get in while the getting's good" causes top-heaviness in the market and a weakening of stock prices.

There is still another factor showing the strength of the public in the present market—a factor which is generally unrecognized by the general public. That is the success with which many pools are meeting in their efforts to put prices of certain stocks up. In many instances, it is reported, absorption of these stocks by the public has carried the prices many points higher than the objective "tops" of the pools pushing them. The writer has been told of one case where a pool was formed to push a certain moderate-priced stock up some ten points. Even after the members of the pool had taken their profits and got out, the buying of the stock continued, as a result of small-lot orders, and the price went five points higher, holding around that level for a full week after.

It is also noted that many new security offerings that have come on the market during recent months have found ready buyers and, consequently, higher prices. All of which points to accumulation, not by the so-called "financial interests," but by the small investors, the public.

Where Does the Money Come From?

If the public is buying in the stock market to such an extent, the question arises: "Where do they get the money they are

investing with?" It is only necessary to glance back at the conditions that prevailed during and immediately after the World War to find the answer. The American public took to saving their money more through patriotism than through mere thrift—and they purchased Liberty bonds, and, after the war, Victory notes. They "did their bit" in this way, and in the aggregate managed to save up many billions of dollars in doing it. They were better enabled to buy these bonds and notes because of their small denominations and through the partial-payment plan. It has been estimated that at least 20,000,000 persons invested in Liberty bonds and Victory notes.

When the period of world-wide depression set in, however, many of these investors found themselves in need of ready cash and were forced to sell their Government bonds and notes. Then came a long decline of stock market prices, and quotations on Liberty bonds and Victory notes fell with them. Those who still retained their patriotic investments were soon attracted by the comparatively higher interest rates and low prices of other securities. Then began a wide selling of Liberty bonds and victory notes and an accumulation, in their place, of the bonds and stocks of industrial, railroad and various other companies.

This switching is still going on, and it probably has been the chief factor in the tremendous increase in the odd-lot business. The greater majority of these investors, because of the smaller denominations of their Government securities, were unable to convert them into full lots of 100 shares of other securities, and availed themselves of the facilities of the commission broker dealing in odd-lots.

It is estimated that about $6,000,000,000 in Liberty bonds and Victory notes are still being carried by the public. It may be that a large proportion of this immense sum will eventually succumb to the attractiveness of higher yields, dividends, etc., offered by bonds and stocks. At any rate it can readily be seen that the public has the money, or its collateral, for future investment purposes.

French Saving vs. American

It has been said that the thrifty peasants of France taught the American people a lesson in saving when they surprised the world by the enormous sums of money they poured into the French treasury during the war. It cannot be gainsaid, however, that the American public in turn taught the French some good points in the matter of saving money. Whereas the French peasant previously hoarded his money in a stocking, a mattress, or under a loose plank in his floor, he has since learned from the American the best form of money-saving—investment. He knows now that not only can he save his money but that he will be paid for the use of it, and, in the end, will have more to realize on than his original investment.

Many Investment Inducements

At this time the security markets are offering many inducements to the investor of moderate means. Some reliable brokerage houses follow the method of offering their customers the privilege of paying for their commercial investments in part payments. In this way the customer makes an initial deposit with his order and agrees to pay the balance by the week or month, as the case may be. In the meantime, the stock is held in his name, and all such privileges as dividends, rights to subscribe to new stock, etc., that may apply on the stock are his. The plan is an unprofitable one for the broker, however, in view of the enormous amount of detail work and expense involved. Some idea of this task is had when the fact is realized that there are 127 different operations involved in the transaction of as small an order as 10 shares.

In fact, plans are being advanced whereby the commission houses dealing in odd-lots may be afforded some protection against losses contracted in this manner. One plan calls for a charge at least equal to the amount of expense entailed on each and every odd-lot transaction, to be paid by the customer. Those in favor of this plan point out that in practically every other line of business in which time-payments are allowed, the instalment furniture business, for example, an addition averaging 10% on the price of the goods is made in return for this accommodation.

"THERE is a great future in store for our country, for its finances, for its business and for its people. We are destined to lead the whole world, not only in financial and commercial matters, but in politics as well. The public knows this. And it also knows that this leadership will carry with it prosperity, and consequently a prosperous stock market. The majority of the public, aware of this truth, is becoming more and more interested in the security markets."

Of course, there is also the well-known marginal account, which need not be described here, and which is intended more for those who wish to speculate in the market.

Most Pay Cash

The greater part of the public who delve into the stock market, however, trade on a cash basis, and among them are found the real backers of American business and industry—and, by the way, the supporters of the stock and bond markets.

More in Board Rooms

One other proof of the public's interest in the stock market, that needs only eyesight to see, is the changed appearance and atmosphere of the customers' rooms, especially those of the better-class brokerage firms. They are a deal more crowded than they were a year, or two years, ago. They are assuming their old-time aspect. And the customers themselves appear to have changed—for the better. They seem to be more cautious, more observing and more eager to know what is going on, not only taking consideration of domestic news, such as steel mergers, railroad mergers, the copper situation, etc., but they are also intensely interested in what is happening on the other side of the Atlantic. They are speculating on what will come out of the World Conference at Genoa; what the recent rise in sterling means; the possible future of the German mark; the tariff question, and other items of international import.

Public Confidence Restored

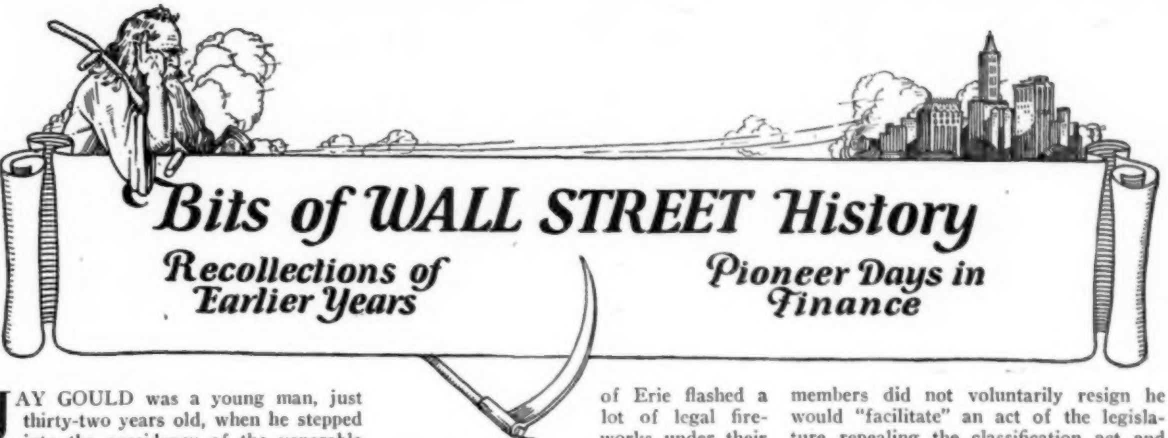
It seems, too, that these watchers of the news and the tape are inspired with a new confidence. No doubt they realize that they—the public—have gone through two good years of edifying experience. And it has proved the proverbially able teacher. Most of the "bucketshops" and "bucketeers" who have been robbing the public right and left up to within the past few months have been put out of business or have been "shown up."

The activities of the civic authorities in this line and the knowledge that the New York Stock Exchange officials are putting forth every effort to punish the guilty ones wherever questionable business methods are found, have doubtless done their part in Wall Street's reclamation of the confidence of the investing public.

Public Interest Justified

Such are the facts. All these things—the sustained increase in odd-lot dealings (or the public's buying orders); the increase in brokers' loans (denoting a large increase in the carrying of stocks on margin for the public); the efforts to abolish unfair dealing with the public; the general attitude of the public regarding the stock market; and the character and tone of the market itself—all are signs that show conclusively not only that the public is "in" the market, but that its participation is growing stronger. And the public is "in" the market because it sees new days of prosperity ahead. It is now more confident that the foundation of business is much stronger than it was a year ago. The public is, therefore, willing to back up its view of the future with stock purchases.

And, after all, interest in the stock and bond markets is nothing more than interest and faith in the country, in the nation's business, its commerce and industry. As a prominent leader in stock market circles remarked to the writer when asked his opinion: "There is a great future in store for our country, for its finances, for its business and for its people. We are destined to lead the whole world, not only in financial and commercial matters, but in politics as well. The public knows this. And it knows also that this leadership will carry with it prosperity and, consequently, a prosperous stock market. The majority of the public, aware of this truth, is becoming more and more interested in the security markets. Anyone who fails to recognize these facts has not caught the prevailing spirit of the times."



Bits of WALL STREET History

Recollections of Earlier Years — Pioneer Days in Finance

JAY GOULD was a young man, just thirty-two years old, when he stepped into the presidency of the venerable Erie. He didn't drink. He didn't smoke. He didn't waste his time and energy on games and sports. He didn't court popularity. On the contrary, he was of a very retiring disposition. All the time he could possibly spare from stupendous business enterprises was devoted to his family, his books, and his flowers. He was a model husband and father. All of which didn't prevent this the most brilliant of our railroad kings from proceeding along "the path that is not straight" against his rivals. He was fully as unscrupulous as the wily Dan Drew and his group. **None of these men ever asked themselves if a thing was legitimate so long as it was legal.**

Most of their big deals were as crooked as a ram's horn, judged by the standards of our time, but they were beautifully within the letter of the law. It was an era of wire-pulling, log-rolling and cutting corners and gambling such as the history of railroading has never witnessed since. Everybody worked along the same lines, and everybody chuckled when somebody got away with it—legally, of course.

Makes His Bitter Enemy Help Him

Jay Gould had not been in the saddle long as monarch of Erie before his enemies succeeded in getting the stockholders steamed up against him.

A handsomely contrived juncture between the British shareholders, who had invested millions in the over-issued stock of Erie, and the American shareholders brought pressure in the form of an investigation, which could not be dodged. Why were surplus earnings not turned into dividends? What about that $60,000,000, which had been added to capital stock in less than twenty months? What was the idea of itemizing this huge amount on the company's books as "paid up"? And where, oh where! was the money which had been paid for it?

Such and similar "questions of caliber" were being put by the shareholders' investigation committee and it began to look like the real thing in the way of unavoidable exposure for little "Jake" Gould. Just as his enemies imagined they were signing his death warrant with significant nods and shrugs, the master of Erie flashed a lot of legal fireworks under their noses terminating in a captivating sunburst, which became famous as the "classification act" of 1869. And difficult to believe, Gould induced his ancient enemy "Commodore" Vanderbilt to help him force the act through the legislature on the plea that it would benefit both of them equally!

And it did,—for with this pernicious legal instrument made a law both Gould and Vanderbilt were authorized to classify their railroad properties so that one-fifth of any existing directorate should pass out of office each year, the object being to prevent the possible election of only three or four successors to a retiring group! Now they were safe, absolutely safe, quite secure in their rights as railroad autocrats as any tzar on his throne—provided their own friends did not play them false. In Gould's case they did eventually.

A railroad king in those days was an almost sovereign personage. Men like Gould and Vanderbilt wielded power after the fashion of the Rajahs of India. Transportation monarchs like Gould and Vanderbilt controlled not only their own roads but the legislature and the government of their state, and their influence at Washington was not to be denied.

"Government and judges came at their beck," writes the historian of that epoch. "They made laws, and unmade them, to suit themselves."

"Bouncing" a Board of Directors with a Word

This was rather strikingly illustrated at a board meeting of the Erie about the time of the Franco-Prussian war. William Butler Duncan had suggested the idea of stuffing the directorate with "big names, which the public would believe in," and thus enable **the road to float its** bonds abroad. Jay Gould snapped up the idea as a trout takes a fly. In fact, he was so keen about it that he peremptorily ordered the assembled board of directors to resign and make room for "bigger names" despite the fact that they were legally elected under the Classification Act, **which he himself had engineered into being!**

At the same board meeting Gould also intimated, in his peculiar way, that if the members did not voluntarily resign he would "facilitate" an act of the legislature repealing the classification act and order an immediate election! Of course, Gould had his way, but it did not help him much in the end. The British shareholders, who had always been suspicious of his management, eventually brought such tremendous pressure to bear that it became Jay Gould's turn to voluntarily resign.

Boosting Erie 20 Points with His Signature!

The diplomatic General Sickles, who had been paid a fee of $100,000 by the British stockholders to oust Gould, is the man who persuaded the monarch to lay down the scepter before it could be snatched from his hand.

"If you resign now," said the General, "it will send the price of Erie up 15 points. You can make $1,000,000."

Gould promptly bought all the Erie stock he could lay his hands on and resigned. The stock advanced 20 points!

When Jay Gould died in his fifty-sixth year he had amassed a fortune of about $60,000,000. Besides his career in Erie he died the owner of the Pacific Railroad, the Atchison, Topeka & Santa Fe, the Western Union Telegraph Company and the Elevated Railroads of New York City to name his principal holdings. He was one of the most brilliantly dynamic of our historic railroad potentates.

An Iconoclast in Railroading

The chief illuminating characteristic of Jay Gould's career was the initiative he combined with almost precipitous executive ability. He knew nothing about the technique of railroading, yet in a few, short months he had studied the problems involved with sufficient thoroughness to start out for himself, not in tame imitation of his rivals, but as the bold inaugurator of a rather startling era of technical improvement in railroading. He made his roads a model of up-to-date practical efficiency and he compellel his rivals to follow his masterful leadership.

Note: Jay Gould was not the only dynamic personality of finance in his time. There were others who left their mark on financial history. Their activities in this most interesting period of American industrial development will be described in subsequent issues.

How Recent Rate and Wage Reductions Affect the Rails

A Clearer Picture of the Railroad Outlook

By ARTHUR J. NEUMARK

PROBABLY the outstanding factors of vital interest to the investing public and the financial district are the recent decisions of the Interstate Commerce Commission and the U. S. Labor Board. It is surprising to see how many people are perfectly willing to take such momentous decisions on their face value and immediately jump to the conclusion that the outlook for the carriers under the new conditions is very black. Headlines appeared in all newspaper and many financial publications that the I. C. C. had made a general 10% cut in rates. This is accepted as a fact in many quarters. Then follows the announcement that the Labor Board has cut the pay of maintenance of way workers to the extent of a $48,000,000 annual saving to the roads. This estimate was based on the number of this class of workers employed on the roads as of May 31st, 1922, but as this reduction will not take effect until July 1st, when the largest amount of maintenance work is under way, the saving will undoubtedly effect a considerably larger number of men and result in a larger saving than estimated. The number of maintenance of way workers employed on the railroads during the months of July and August, 1921, averaged 480,000 per month, or 80,000 more men than were allowed for in the $48,000,000 estimate. Calculated on the average number of maintenance workers employed throughout the year the annual saving would probably come nearer to $51,000,000 than $48,000,000. This is a comparatively small item when attempting to view the railroad situation in its entirety, but the purpose of this article is to point out *all* apparent discrepancies in current estimates of commission and omission in order to arrive as closely as possible at the real situation.

Coal Savings

No mention at all is made of the large savings that the carriers will undoubtedly obtain as a result of the new coal contracts entered into since last April and those to be entered into as soon as the coal strike is over. During the year 1921 the Eastern carriers charged out coal consumed at $4.17 a ton, including freight and handling costs. In January, 1922, this cost was reduced to $3.46 a ton. Corresponding figures for the Western roads are from $4.08 to $3.73 a ton, and for the Southern roads from $3.95 to $3.54 a ton.

Railroads, as a rule, contract for coal from six months to a year ahead. Last April the majority of these contracts expired, placing the carriers in a position to negotiate purchases at prices considerably below the figures stated above. Spot coal is now selling between $1.80 and $2.00 a ton, the price varying according to the locality. Assuming the Class I roads consume 130,000,000 tons of coal in the fiscal year beginning July 1st, 1922 (127,208,793 tons were consumed in 1921), and they are able to contract for the coal at $2 a ton, there should be an additional saving above that indicated by the charge-out figures for January, 1922, to the extent of about $130,000,000, after allowing for freight and handling costs.

Next to the wage reductions this is the biggest single saving that will take effect this year, and while everyone is well informed enough on the railroad situation to hand out the stereotyped phrase, "Operating expenses are considerably lower and are still coming down," little or nothing is said about this and other large savings that will not be fully reflected in the first six months' figures of 1922.

Material and Supplies

The next item of importance which one hears very little about is the savings to be effected through lower costs of material and supplies. The carriers purchase or contract for material and supplies many months before using them. Because of the large stocks purchased at higher prices than those now prevailing, and carried over into 1922, the effect of reduced prices have not yet been fully reflected in earnings.

The New York Central, Pennsylvania and Baltimore & Ohio have compiled an index number to show the changing costs of material and supplies, using the test period (June 30th, 1915, to June 30th, 1917, inc.) as a basis of 100. This shows that the average charge-out index for 1921 was 182, and for February, 1922, 137. Assuming that the carriers used material and supplies in the first four months of 1922 purchased during the latter part of 1921, when the index number was 149, there would still be a saving of about 9% to be reflected in the coming months on material purchased since the first of the year. This would amount to a further annual saving of $83,100,000, providing there was no material increase in prices within the next six months or so.

Wage Reductions

As previously pointed out the reduction in the wages of maintenance of way workers will save about $51,000,000 per annum for the roads. Within a week after this decision, the Labor Board announced another wage cut affecting shop crafts workers. It is estimated this reduction will result in an annual saving of $60,000,000. The latest cut in the payroll affects about 284,500 clerks and station employees, 12,000 signal men and 9,500 stationary firemen. This cut will save the railroads about $26,500,000 per annum, bringing the total wage reductions to take effect Just 1st to over $137,000,000, which, together with 1921 reductions, will wipe out 90% of the $600,000,000 increase of 1920. The most important group of workers as yet unaffected by wage reductions are the telegraphers, and when the final adjustments are made the entire payroll increases of two years ago will be pretty nearly wiped out.

Far be it from the writer to enter into a discussion of the fairness of these reductions, except perhaps to call attention to the fact that railroad labor, after all reductions have been made, will still be considerably higher paid than workers in any other industry. Labor union chiefs say there will be a strike, railroad officials believe the men will not fight a decision that is obviously just. We have not long to wait for the answer, but in the meantime the uncertainty is unsettling the entire railroad list.

Rate Reductions

In the beginning of this article mention was made of the inaccuracy of the statements to the effect that the I. C. C.'s recent decision was tantamount to a 10% general freight rate cut. The accompanying table shows the rate level decided upon by the I. C. C. to take effect July 1st, compared with those put into effect August 26th, 1920, assuming the rate

FREIGHT RATES

	Prior to Aug., 1920 (%)	After the 1920 increase (%)	After the July 1, 1922 decrease (%)
Eastern District	100	140	126
Western District	100	135	121.5
Southern District	100	135	121.5
Mt. Pacific District	100	125	112.5

structure just prior to the latter date represented 100%.

The I. C. C. decision provides that the rates in effect after July 1st shall be 26%, 21½% and 12½%, respectively, above those in effect September 1st, 1920. It will be seen that **the 10% reduction figures are** based on the cut from the rate structure in effect immediately after August 26th, 1920. This calculation makes absolutely no allowance for the fact that since June, 1921, up to the present time rate cuts were made on many commodities and on January 1st, 1922, a flat reduction of 10% was made on grain, grain products and hay. Some of the most important reductions in the last nine months were as follows:

COMMODITIES	REDUCTIONS
Lumber and other forest products	7c per 100 lbs.
Cattle and other livestock	Entire increase wiped out
Sugar	20%
Hay	15 to 25%
Blackstrap molasses	25 to 35%
Grain and grain products	3 to 4c per 100 lbs.
Coal	28c per ton
Potatoes	4 to 10c per 100 lbs.
Canned goods and dried fruits	15½ to 55c per 100 lbs.
Rice	8½ to 25½c per 100 lbs.
Copper, lead, etc.	$1.98½ to $7.25½ per ton

The above reductions, which on the basis of the 1921 volume of traffic would have resulted in a loss of about $186,700,000 in revenues to the Class I Roads, do not include the 10% cut of January, 1922, on grain and hay, which further reduced gross revenues by about $40,000,000, bringing the total freight rate reductions, exclusive of the most recent one, to $226,700,000.

While no accurate figures can be given as to the extent of the additional losses to the railroads resulting from further freight rate reductions to take effect July 1st, it can readily be seen that any estimates based on a flat 10% cut at this time are erroneous and will be far from reflecting the true situation. A study of the above table shows that some rates are already down to the level prescribed by the I. C. C. in their latest decision, and others anywhere from one quarter to three quarters of the way down, so that the revenues from many sources will be reduced very little by the last rate cut. There are, on the other hand, a large number of commodities, manufactured goods and general merchandise which are still being hauled at about the same rates that were in force in the latter part of 1920, and the 10% reduction in these cases will be in reality a 10% cut and will result in millions of dollars of losses.

As a purely hypothetical estimate let us assume that the new freight rate reductions will reduce gross revenues by about 5%. On the basis of the 1921 volume of traffic this would lop off close to $200,000,000 of gross revenues, bringing the total freight rate reductions since the fall of 1921 up to $426,700,000. Referring again to the wage reductions which will take effect on July 1st, we find that the much-touted freight rate cuts will be largely nullified by the payroll sayings. Taking into consideration the $400,000,000 wage cut of last July we find that the total reductions made since that date as compared with the total amount of freight rate adjustments leaves the railroads in a better position to the extent of about $110,000,00. Add to this the savings in coal and material and supplies which have not yet been fully reflected in this year's earnings and we arrive at a net improvement in operating income for the year beginning July 1st, of about $323,100,000.

This saving should be effected without any increase in the volume of traffic, but car loadings for the first five months of this year have been considerably in excess of the corresponding period of 1921 and indications point to a considerably increased traffic in the coming months. Some industries, chiefly steel, are being hampered by the coal strike, and if there should be a railroad strike there would, of course, be a serious setback to industry, but even if there is a strike the writer does not believe it would last very long, and in the fall months there would undoubtedly be such a stimulation in traffic as a result of the enforced idleness that the period of light traffic movement would be more than made up.

Assuming that the volume of traffic for this year is but 10% ahead of 1921, on the basis of the rates to be in effect, there would be a further addition to net operating income of about $100,000,000.

Another Prevalent Error

Bringing the general discussion on the effect of rate and wage reductions down to specific groups we find another prevalent error. The error has as its foundation again the disregarding of freight rate reductions made during the past year. When the I. C. C. decision to reduce rates to the different percentages above the 1920 level, as shown in a previous table for each group of roads, it was immediately concluded that the Western and Northwestern roads would suffer the most. It was argued that since the reduction was to be just as great for the groups that received but a 25 to 35% increase in 1920 as the Eastern carriers which received 40% increase, the former groups would have the hardest sledding. If anything, this is just the opposite of what the actual situation will be. The above table on rate reductions clearly shows that the commodities carried by the Western roads were affected the most, so that in order to bring these rates to the level prescribed it will necessitate the smallest further adjustments. On the other hand the rates on coal, steel products, manufactured goods and general merchandise, carried in largest quantities by the Eastern carriers, will be subjected to the largest revisions at this time. Conditions in the East, however, have shown and are showing the greatest improvement and the proportionately larger increase in the volume of traffic will very likely offset the larger freight rate reductions.

Conclusion

Viewing the situation in its entirety there appears to be nothing alarming and little ground for the many pessimistic statements that have recently been given so much weight. **Purchasers of sound railroad securities should stick to their guns. Don't be shaken from your long pull position by temporarily declining prices. The balance of all the developments that have taken place during the past year, both favorable and unfavorable, is decidedly of a constructive nature. The railroads are coming into their own slowly but surely, and any temporary obstacles, such as a strike, will only tend to delay ultimate prosperity. With an even break in developments in the next twelve months the rails should be able to earn the 5.5% fair return on their property investment, allowed by the I. C. C. This means earnings considerably in excess of the dividend requirements of the standard rails and possibilities for increased disbursements in many instances.**

ESTIMATED RAILROAD EARNINGS
(For the fiscal year ending June 30, 1923.)
201 CLASS I ROADS
(000 omitted.)

Freight revenue, 1921			$3,918,700
Less: Freight rate reductions since the fall of 1921	$427,000		
Plus: 10% increase in volume of traffic over 1921	352,000		
Net adjustment	$75,000		75,000
Freight revenue, 1922-23			$3,843,700
All other revenue			1,700,000
Total operating revenue			$5,543,700
Operating expenses of 1921		$4,597,470	
Less: Wage adjustments	$350,000		
Coal saving	130,000		
Reduced cost of material and supplies	230,983		
Savings in miscellaneous expenses	32,000		
Total deductions	$742,983		
Plus: Increased expenses resulting from increased traffic	246,400		
Net adjustment to 1921 expenses		$496,583	
Total operating expenses, 1922-23			$4,100,896
Net operating revenue			$1,442,804
Taxes and rentals			407,000
Net operating income			$1,035,804
Return on invested capital			5.3%

Are French Bonds Safe?

Reasons for the High Yields on French Bonds—Is France Emerging From Her Financial Difficulties?

By THOMAS B. PRATT

GENERALLY speaking, the price of foreign government bonds on the New York and London Stock Exchanges are fair indications of the credit standing of the nations whose bonds are dealt in. The factors that govern the prices of foreign government securities are well known. **Primarily the two fundamental factors are the willingness of a nation to pay its debts and, second, its ability to pay its debts.** Under the first factor the financial record of a nation, particularly in its dealings with the outside world, is of the utmost importance. As a general rule government bonds are the safest securities in any market. Even among nations whose people have not a high sense of honor the governments themselves have learned to appreciate the importance of meeting their external obligations. Unless these obligations are met the nations are handicapped in developing their foreign commerce, and it is chiefly from foreign trade that a nation gains its prosperity.

What Ability to Pay Consists Of

The ability of a nation to pay its debts is dependent upon several factors. First among these is its resources in comparison with its national debt. Second, the revenues and expenditures of a government, and third, the surplus of production over consumption, which is generally indicated in its foreign trade figures.

Among the securities traded in on the New York Stock Exchange, a few of which are shown on the accompanying table, the range of prices runs all the way from a 5.20% yield up to nearly 8%. In the case of Great Britain, her bonds may be said to be on a 5% to 5.25% basis, indicating a high credit standing in the United States. As a matter of fact the bonds of the British Government are considered by investors in the United States to be second only to United States Government Bonds and to certain exceptionally high-grade railroad and industrial bonds that have had a long period of established earnings. In the list shown in the table mentioned above it will be noticed that the British 5½s of 1929 are selling on a 4% basis. This is an exceptional case and is due to the fact that these bonds are convertible into British Government internal issues, and for the purpose of conversion exchange is fixed at $4.30 to the pound sterling. This gives the holder of this bond practically a call on sterling exchange.

French Government Bonds Yield Nearly 8%.

In comparison with the British bonds, the French issues on the New York Stock Exchange are selling on a 7.30% to 7.65% basis. In other words, the credit of the French Government, as indicated by the price of its bonds on the New York Stock Exchange, is over 2% in yield less than that of the British Government. Before the war no such large difference existed. At that time, French Government securities, if they had been listed on the exchange, would doubtless have been on a much closer level with British securities. The war, therefore, has made material changes in the credit standing of France as compared with Great Britain, and an examination of some of the factors that have brought about this differential are of particular interest at this time owing to the importance of the recovery of France in respect to the general European situation.

The principal reason why the credit of Great Britain is so much better than that of France at the present time is due to the degree of recovery that Great Britain has been able to effect since the signing of the armistice. Great Britain has been able to balance her budgets and show a surplus of revenues over expenditures, has increased materially the ratio of gold to currency notes outstanding, has decreased her floating debt, has improved her balance of trade and has been able to invest large sums of money both in foreign countries and among her colonies. While France has been able to do some of these things yet her expenditures are still largely in excess of her revenues, and she still has huge sums to expend in the devastated regions for reconstruction purposes.

Public Debt

The national public debt of Great Britain on March 31st, 1922, was £7,708,000,000. The floating debt had been decreased from £1,275,330,000 on March 31st, 1921, to £1,029,520,500 on March 31st, 1922. This was a reduction in floating debt of approximately £250,000,000. Revenue for the fiscal year ending March 31st amounted to £1,124,880,000, while expenditures in the same year amounted to £1,079,187,000, showing a surplus for the year of £45,693,000. Furthermore, Great Britain had been able to increase the ratio of gold to currency notes outstanding from 8.9% on December 31st, 1918, to 15.9% on March 30th, 1922.

An indication of the remarkable recovery Great Britain has been able to show since the armistice is given in the figures of new capital issues in Great Britain for the first three months of this year. These issues amounted to £240,215,000 invested in securities within the United Kingdom, £18,847,000 invested in colonial securities and £27,144,600 invested in foreign securities. The most important fig-

COMPARISON OF FINANCIAL POSITION

GREAT BRITAIN

	Pre-War	1920	1921
Funded debt	£695,000,000	£6,423,919,000	£6,539,160,000
Floating debt	16,000,000	1,408,081,000	1,259,840,000
Government revenue	198,242,897	1,425,985,000	1,216,650,000
Government expenditures	197,492,969	1,195,428,000	1,039,728,000
Imports	768,734,000	1,932,648,881	1,086,687,213
Exports	634,820,326	1,557,222,600	810,248,354
Currency notes outstanding	38,478,000	367,626,000	325,584,000
Ratio gold to notes	48.1%	13.0%	14.7%

FRANCE
(In Millions of Francs)

	Pre-War	1920	1921
Funded debt	31,456	151,620	230,333
Floating debt	1,432	93,279	93,534
Government revenue	4,781	17,587	22,335
Government expenditure	5,191	40,502	44,365
Imports	8,421	32,457	23,548
Exports	6,880	20,174	21,452

ures are those which show the amount of capital invested in the colonies and in foreign countries. The investment of £27,144,600 in foreign countries during the first three months of this year is greater than the total amount invested abroad in the whole of 1921. In fact, the total investment of Great Britain in 1921 amounted to only £220,605,000, whereas in the first three months of this year the total investment of capital amounted to £286,000,000. **These figures disclose the fact that the investment power of England has not been impaired and in fact it is greater than it was prior to the war,** when the largest amount invested in any one of the three years 1911, 1912 or 1913 was £210,000,000, which was invested in 1912. Of that amount £92,000,000 was in foreign investment.

The great power of the British nation as a financial leader has been developed as a result of her foreign investments. Britain has always had an unfavorable balance of trade but this has been made up by her invisible exports, so that her actual balance of trade, taking into consideration both her foreign commerce and her invisible items such as interest paid to her on foreign loans, and moneys received for such services as shipping and insurance, has year after year added immensely to the wealth of Great Britain. It has also made her a financial leader, as her investments in foreign countries have necessitated the shipment of funds into Great Britain from all parts of the world. It was from these shipments that the London bill of exchange became the international currency of the world.

During the war and up to the beginning of this year England lost this leadership to the United States. She began to realize the greatness of this loss when her colonies bought goods in the United States in preference to England, and since that time she has made long strides in regaining her leadership. At the present time England is America's great competitor in foreign financing and the vision we had of world financial leadership is rapidly fading away.

One of the important factors in the present British financial situation is her position in respect to loans to and borrowings from the Allies during the war period. She advanced a total of £1,800,000,000 to the Allies and associated powers during the war, an amount greatly in excess of her borrowings from the United States. Of course a considerable portion of her loans to other nations are uncollectable for a great many years and concerning much of it there is considerable doubt whether she will ever be able to collect any of it. This applies particularly to the £567,000,000 which she loaned to Russia.

French Expectations

In considering the French situation the outstanding feature is the amount of money that has already been expended by France for reconstruction purposes. This money has been spent under what is known as the extraordinary budget. It has been kept distinct from the ordinary budget because France has expected to recover such moneys from the German reparations. There is considerable doubt, however, that France will be able to obtain these funds from Germany in the near future, and there is also doubt that she will be able to obtain all that she has expected, even over a long period of years. The total amount that France has expended in repairing the damages done to her eastern provinces by Germany during the war is approximately 80,000,000,000 francs. The total debt of France at the present time is about 325,000,000,000 francs. There is one favorable factor in the French national debt situation. Most of her debt is internal, and therefore not a serious matter in French relations with other countries. The French external debt amounts to 35,500,000,000 francs. This figure is obtained by converting the external debt of 86,000,000,000 billion paper francs into gold francs. Of this amount about 29,500,000,000 gold francs represents what is known as political debt and consists of the advances made by the United States and Great Britain to France during the period of the war.

COMPARISON OF YIELDS ON FRENCH AND OTHER FOREIGN GOVERNMENT BONDS

1921 High	1921 Low	1921 Close	Name	1922 High	1922 Low	June 7, 1922	Yield
96	83	90	Gt. Brit. & Ireland 5½s, 1937..	103⅛	95½	102⅝	5.25
99⅞	86	98⅞	Convertible 5½s, 1929	109⅜	79⅞	109¼	4.00
100¼	94½	100¼	Convertible 5½s, Nov. 1922.	109¼	100	109¼	*
102	96½	99⅞	French 8s, 1945..............	108¾	94	103¾	7.65
98	93¼	94½	7½s, 1941	104¾	94⅛	102	7.30
106½	95½	104⅝	Belgium s f 7½s, 1945.........	109½	103⅝	109	6.70
97¾	87	95⅜	6% notes, 1925..............	104⅛	94⅞	102¼	5.20
107⅜	96½	105⅞	S f 8s, 1941................	108⅝	104⅝	108	7.20
96¾	85½	96	Canada 5s, 1926...............	101	94⅞	99⅛	5.25
97½	83¼	94¾	5s, 1931	100⅛	94¾	98⅝	5.20
98	87⅝	96½	5½s, 1929	101¾	95⅜	100¾	5.35
...	...	...	5s, 1952	100⅛	100	100	5.00
109½	95½	108	Denmark s f 8s, 1945..........	112½	107	110¾	7.05
...	...	...	20-year 6s, 1942.............	99⅞	94	98¾	6.10
97¼	81¼	95	Sweden 6s, 1939...............	102½	94	102½	5.75
114¾	101¾	114¾	Swiss s f 8s, 1940............	118	112¾	118	6.30

* This issue and the 5½s of 1929 are convertible into British internals at the fixed rate of $4.30 to the pound.

The ordinary budget of the French Government for this year provides for receipts and expenditures of approximately 24,700,000,000 francs. The budget, however, contemplates a deficit of 2,500,000,000 francs. In addition to the ordinary budget the special budget provides for additional expenditures of 10,600,000,000 francs for pensions, reconstruction work and for interest on reconstruction loan. Even though France should receive the full share of all of the revenues that Germany is supposed to pay to the reparations commission this year, it would amount to only about 4,500,000,000 francs. There would thus be a deficit in this special budget under the most favorable circumstances of over 6,000,000,000 francs. In 1920 the actual French revenue amounted to 17,587,000,000 francs, and expenditures amounted to 40,500,000,000 francs. About the same ratio held true in 1921.

France has always had a large invisible balance of trade in her favor. Her people have been thrifty and have also been heavy investors in other countries. During the war it was necessary to sell most of these securities. Of those still held in France a considerable proportion is non-productive. This is particularly true of her investments in Russia. There is, however, a large amount of investments held by French investors that are of a high character. Furthermore, France is obtaining a big income from the expenditures of tourists, especially American, in France.

There has been considerable improvement in French foreign trade figures during the past three years. In 1919 French imports amounted to a little over thirty billion francs and exports to a little over 8,500,000,000 francs. This was an excess of imports of over 21,000,000 francs. Last year imports had been decreased to 23,500,000,000 francs and exports had been increased to 21,500,000,000 francs. This excess of imports of about 2,000,000,000 francs was made up largely in the invisible balance in favor of France.

France Dependent on Reparations

While the above resumé of what Great Britain and France have been able to accomplish since the signing of the Armistice shows that each country has made progress, yet the fact remains that Great Britain has been able to show that recovery in her case is not dependent upon German reparations. **On the other hand the figures disclose conclusively that France still is dependent upon a satisfactory settlement of the reparations question and also upon her receiving a substantial amount from these reparations.**

This is the outstanding fact of the present French situation. It does not mean, of course, that France will not be able to work out her destiny without the reparations for she has shown in the past remarkable ability in recovering from great national disasters. The present outlook, however, is decidedly unfavorable unless she is able to obtain large sums

(*Continued on page* 302)

Money, Banking and Business

What the Tire Companies Are Doing

A Survey of Actual Conditions in the Field—Increased Efficiency of Labor a Factor in Higher Profits—The Outlook for Dividends

By WILLARD MASON

CONDITIONS closely paralleling those which existed during the hectic and short-lived era of abnormal prosperity during the forepart of 1920, have returned to Akron and the Rubber City is bristling with energy, labor strife and corporate competition.

Rubber companies apparently have forgotten the sympathy they solicited from their competitors and that which they in turn extended to them when all tire companies were mired deep in financial difficulties a year or more ago, and again have become "hard boiled." **With conditions such that not a single Akron tire building concern can handle its business and keep tire production apace with orders, the old tactics laid on the shelf by amicable agreement during the slump period, have been suddenly revived. Companies are bidding against each other for tire builders by seeing which can boost wages the most, are trying at the same time to undersell each other and are making strong bids for additional business by putting cheaper tires on the market.**

The tire industry today insofar as Akron is concerned, and Akron furnishes considerably more than half the world's total supply of tires, is going through the soundest economic period it has ever known, not even excepting the meteoric era of early 1920 when sales were abnormally high and when tire production for the brief period of a few weeks climbed to more than 100,000 casings a day.

Within Striking Distance

Akron has really never had a normal year upon which to base comparisons. Statisticians therefore have calculated normal tire production at 75 per cent of the 1920 peak production. On this basis Akron long since has passed the stage of normalcy and is within striking distance of the old peak, for actual tire production today exceeds 85,000 casings a day, thus being more than ten per cent above the estimated normal.

Not only this, but the tire companies are making more money than they have ever made before. These profits may not be reflected immediately on balance sheets or in dividend payments due to the fact that practically all companies took heavy losses last year and have heavy accounts to square. **But the net profit per tire manufactured and sold, is perhaps higher than ever before**—and this despite the series of tire-price decreases made last year.

One of the greatest factors contributing to this condition is the increased efficiency of tire builders. It is a case of the survival of the fittest in the tire pits and vulcanizing rooms today. There is no room for the inefficient, indifferent worker, the "floater" or the unskilled laborer. The least efficient were weeded out when the number of factory wage earners in the major tire plants in Akron dropped from 73,500 in May 1920 to 18,000 in December of the same year, and since then only the best type of factory worker has been able to get employment.

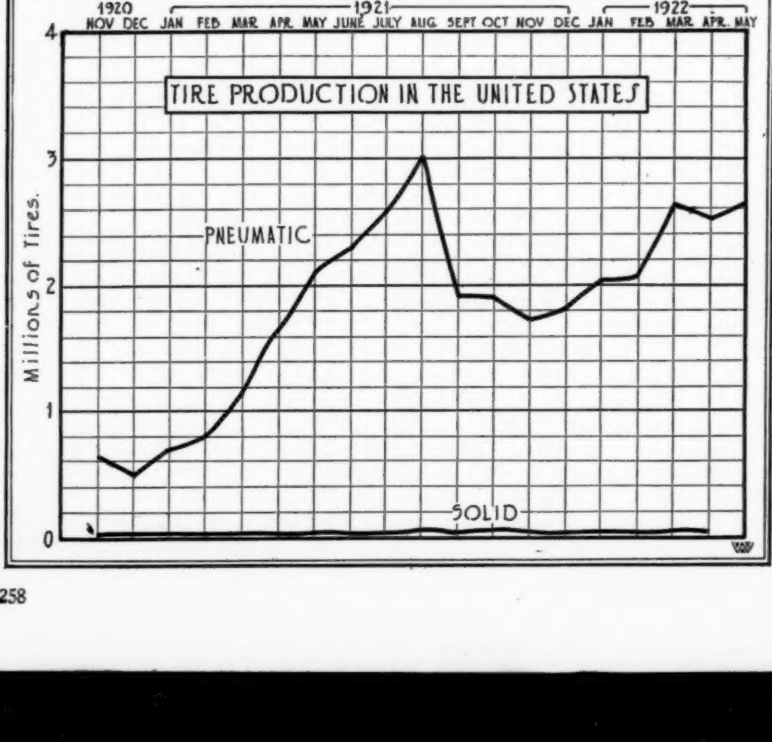
In many instances efficiency has increased more than 100 per cent. As illustration when the nine major Akron tire companies were employing 73,500 wage earners or actual producers in their factories, they were averaging a trifle more than a tire per man per day. But today the average in most cases is considerably more than two tires per man per day.

Severe Competition

An upheaval within an upheaval is the condition existing in the tire industry today. The first upheaval came several weeks ago. Tire companies, agreeing mutually that the time was propitious and warranted for an upward revision of tire prices, received a jolt when the Goodyear Tire & Rubber Co., now operating under the financial control which succeeded the Seiberling regime last year, announced introduction of an entire new line of cord tires to sell at from 20 to 25 per cent below the standard cord-tire lists. This announcement was followed closely by a revision downward to standard lists, of the prices on all of the new Seiberling cord tires being manufactured by F. A. Seiberling, the former Goodyear head, in his two plants at Barberton, Ohio, and New Castle, Pa., and a ten per cent reduction in the prices of Portage tires also made by Seiberling.

Seiberling has since made another price cut, putting through a blanket 12½ percent reduction, effective June 1, on all Seiberling and Portage straight side cords, and announcing that in addition his company in the future would itself absorb the five per cent government excise tax hitherto paid by the consumer.

Although the Seiberling Co. is not yet of proportions sufficient to cause Goodyear or the other large companies any serious worry as to competition, the announcement of the Seiberling cut has had



The World's Largest Shipment of Tires. 250,000 Tires Worth Over $1,000,000 Leaving Akron

its natural psychological effect upon the motoring public, and other companies admit that it will be difficult for them to explain the necessity for any contemplated price increases in the face of such sweeping price reductions made by a man whose comeback, staged within less than a year from his retirement from Goodyear—has been one of the most spectacular in the annals of the automotive industry.

Seiberling has a selling advantage in his new tire in that he has extended the heavy tread stock from bead to bead, thus eliminating the less rugged sidewall materials, and giving greater guarantee against rut wear, tread separation and curb chaving.

Labor Supply Scarce

The second upheaval has been in the labor situation. With the supply of experienced tire builders completely exhausted, tire companies have begun to bid against each other for men. The Firestone Tire & Rubber Co., started the movement with a ten per-cent increase in all factory wages, effective May 29. The B. F. Goodrich, Co., in order to salve a feeling of dissatisfaction among its men reduced its shifts by two hours and gave the men a readjustment in wages which averages about 77 cents an hour for them. The company offered 71 and the men demanded 80. The Miller Rubber Co. has followed with a commensurate upward revision of wages and it is considered certain that other companies will have to do the same, for every company needs men and cannot afford to lose any it now has on its payroll.

Firestone followed its wage increase with announcement of a ten per cent salary increase for all office employees and officials of the company.

The Goodyear Industrial Assembly, constituted by election of employees by their fellow workers to the house and senate of the Goodyear Company's industrial republic, a few days later unanimously adopted resolutions addressed to Factory Manager and Vice-President Paul Litchfield, asking that wages be increased ten per cent and salaries 12½ per cent, effective June 15. So far no official cognizance of the resolution has been taken by Litchfield's office.

As to tire production Firestone is virtually leading the field among the three larger firms with a current production closer to its proportionate peak than that of any other company. Firestone is running a strong 25,000 casings a day as compared to a peak of 28,500. Goodyear with a peak of 31,150 is averaging 26,000 casings daily. Goodrich is averaging about 16,000, having recently increased production 35 per cent. The old Goodrich peak was 26,000.

Miller has passed its old peak of 6,000 casings a day and is running between

F. A. SEIBERLING
Founder of Goodyear, now President The Seiberling Rubber Co.

6,500 and 7,000 daily. The Mason Tire & Rubber Co. is striving to double its old high-production mark of 2,500 and now is close to 4,000 casings a day. The General Tire & Rubber Co. is turning out 2,500 tires a day or double the highest production record it had in 1920.

The Seiberling Co., although less than a year old, is averaging 2,500 tires a day and is planning further increases. Among the smaller companies Kelly-Springfield is back to its old high-water mark of 1,500 a day; the Mohawk is running 80 per cent of its peak of 1,000 a day; Swinehart is running 75 per cent of a similar peak and the India is running 50 per cent above a peak of 500 a day. The American Tire and Rubber is manufacturing over 750 a day, running 100 per cent of peak.

The companies enumerated have a total production in excess of 85,000 tires daily as compared to a combined peak for them of 101,000 tires a day in May of 1920, the Seiberling Co. being the only company which was not in production at that time.

On June 8th the Goodyear Company took from the moulds the 45,000,000th tire the company has built since it was founded by F. A. Seiberling twenty-three years ago. This is more tires than built by any other company in the world. Mr. Litchfield, President E. G. Wilmer and other Goodyear officials assisted in the building of the tire. Factory whistles were blown for 45 minutes in celebration of the event. The tire will be exhibited in the Goodyear rubber museum in Akron.

The Firestone Tire & Rubber Co. is arranging a $1,500,000 bond issue to finance the equipping of its new Canadian tire plant at Hamilton, Ontario, which now is ready for installation of machinery. Firestone preferred stockholders will be given the first exclusive opportunity to purchase these bonds.

Under-Estimated Requirements

Rubber company officials attribute the unprecedented spurt taken by the tire industry to the fact that both dealers and automobile manufacturers greatly under-estimated their requirements. Tire dealers, naturally, having in mind their experience in 1920 when they were caught with heavy tire surpluses when the slump was precipitated, have ordered closer this spring and have sought a quicker turnover of stocks on their shelves. Automobile manufacturers likewise pursued a policy of ultra-conservatism early this year. As a result an absolute tire shortage faced the country a short time ago and it was necessary for tire companies to draw upon their reserve supplies and to tap the finished-goods inventories, carefully built up to about the right balance, in order to supply the demand. These inventories were about up to a 60-day supply of tires, and as soon as there

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Applying Treads to Tires in an Akron Factory

Is This a Good Time to Go Into Business?

A Direct Answer to a Vital Question

By J. H. TREGOE

Secretary, National Association of Credit Men

"Is this a good time to go into business?"

That was the question put by the Magazine to Secretary J. H. Tregoe, a man peculiarly fitted both by connections and experience to discuss the subject. We are indebted to him for his frank and explicit reply.

SUCCESSFUL merchandising depends upon the time, place and man. Of these three, the most important is the man. **The frequency of commercial disasters vividly testifies to this one fact that too many enterprises in the commercial game are unequipped and do not understand the requirements of success.** Business on the surface looks very simple. It seems to be merely the buying and selling of commodities at a profit. Underneath the surface, however, there are many exacting laws which may be conformed to in ignorance at times, but to know and to observe them is the best guarantee of success.

The failure which happens so frequently, and failures in business are not confined by any means to insolvencies, indicates that the capacious man is a necessary factor to the successful commercial enterprise, and we should devote more attention than is done at present in our country to the furnishing of capacity equipment.

Why Character Is Stressed

We stress character as one of the indispensable elements of successful merchandising, and when this human feature is added to capacity, a combination results which spells success with an ability to meet the upgrades and downgrades in business with understanding and success.

Emphasis, therefore, must be placed on the man, and granted the properly equipped man for business, time and place are important factors in determining how successful human skill may be.

In the hectic years immediately following the Armistice, the merchandising game was comparatively easy. Commodities bought one day could be sold the following day at a profit. Everything was moving gloriously, and for this reason blindness fell upon the land. When the turn came, however, after June, 1920, there resulted a test of skill which flung the unequipped hither and thither in a great wreckage. Enterprises had been started when business was approaching its peak and overhead was very high. There was but little thought of commercial engineering in many of these enterprises. There was seldom the question, "Has this business a right to live." Imagine a structure erected by mechanics without architectural plans. The structure might stand. The chances are that it would not. By the same token, imagine a business organized without architectural plans with the skill alone of mechanics. Such a business structure might stand but the chances are it would not.

Recent months have shown that many enterprises were started without plans and in entire ignorance of commercial engineering. Business isn't so simple as it seems. It is complex in many particulars. It is dependent for success on many underlying rules and principles. Answering the question, therefore, "Is this a proper or logical time in which to start a business enterprise," we are confronted with undercurrents of thought which make the response very difficult. The man equipped for business has an advantage which minimizes the problems of time and place. On the whole, however, we believe advantages rest with enterprises started when business is getting into an upward swing rather than when it is **nearing or at a peak.**

Current Conditions

Casting around for the conditions which would affect favorably or unfavorably a business started at the present time, we note, first, **the unsettled problem of prices.** There is still a mal-adjustment in prices which should be noted and properly handled if a business enterprise is to succeed.

Overhead, including rental, has not been liquidated sufficiently. A business started at present would have to figure extremely close on this particular point, else it will be loaded with an overhead which might make success extremely difficult when softenings later occur in the various forms of service which are designated as overhead.

A third feature occurs to us, which is an **inequality of purchasing power.** There is plenty of money and credit in the land, but they are divided unequally at present and this inequality is reflected in a slowness of business in some sections. The new crops, if marketed at reasonable prices, should correct this inequality to a very large degree.

On the opposite side, **the abundance of financial credit, together with extremely reasonable interest rates are an encouragement.** The promise coming from getting into business on its upward swing is also promising.

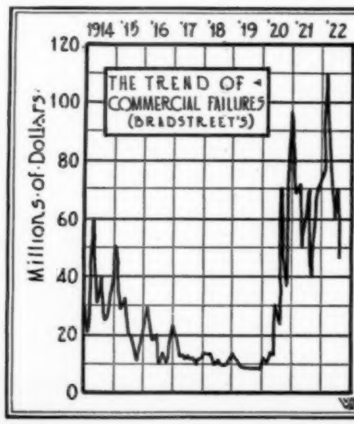
Placing the dangers and disadvantages against the encouragements and advantages, I have no hesitation to say that the present time is a perfectly good one for the starting of a business enterprise, and upon this condition: That it has sufficient capital to support it during the building-up period.

When we have cleared away the debris of the hectic years, when we have solved the economic problems still remaining, when we have gotten right for an accelerated upward swing, there should be in this country a long season of prosperity.

It might be better to start a business even under present disadvantages so that the prosperous season will find it full ready.

Patience an Essential

Organizing and getting a business into its proper paces requires not only the skill of which we have spoken, but also a tremendous amount of persevering patience. I do not know of a period in our recent history when men of business and men contemplating the business enterprise should be more observing than just now. **I believe the advantage is with those who equip themselves for the business task, get into the ring early and participate in the results and satisfactions of the prosperous season that is surely coming.** All in all, time, place and the man determine what is going to happen, and of these three, the man is the most important.



About Banks and Banking

The Human Element in Banking

The Trust Department—Its Value to Individual, Corporation and Community

By ALLAN B. HUSSANDER

Of the Illinois Trust and Savings Bank, Chicago

THERE are comparatively few individuals, corporations or communities who realize the value and diversity of the service rendered by the Trust Department of today. In an article of this length an outline only of the outstanding features can be given. The value of a Corporation as Executor, Trustee, Guardian, Depositary, Agent, Custodian and Escrow Agent is often not apparent. During his lifetime a man consults with specialists when problems present themselves, but he, very often, does not stop to analyze the need of specialists for his Estate in dealing with the problems that might arise, although it took the advice of experts to accumulate it. A man's first choice for Executor of his Will and Trustee of his Estate is, very often, his best friend, but, of course, he does not know that his best friend is a Trust Company who, in its Trust Department, offers the services of probably as many specialists as he used to consult in accumulating his Estate.

That a Trust Company is a Corporation with a heart and a soul has often been said. The incidents of the care given beneficiaries by its officers and staff, if here related, would prove this to be true but, further than that, one must consider that its personnel is human, that they are trained specialists who come in contact with probably more difficult human problems in one month than the ordinary individual does in a lifetime.

ALLAN B. HUSSANDER
Illinois Trust & Savings Bank, Chicago

What the Trust Department Does

How to handle income tax; make investments; keep accounts of income and principal; follow up and collect bond interest; note interest, dividends, etc.; gather information regarding investments, to say nothing of the monotony of cutting coupons and preparing income-tax ownership certificates, are problems that some men find are solved by a Custodianship Account in the Trust Department. How much more so does the Trust Department solve the problem for a man's Estate when the situations are more complex and numerous?

The difficulties and worries of one's loved ones are met and relieved by the Trust Department through contact and lifelong friendships made during the very brief period of the Administration of one's Estate.

One must take into consideration the value of such friendships and banking connections where their dependents may come for advice and counsel and where, very often, through the operation of a Trust they are protected from serious disaster because of inexperience or some other reason.

The diversity of the services offered and the innumerable experiences of the Trust Department can only emphasize its value to the individual.

As Trustee

Corporations, a long time ago, recognized the advantage of a Corporate Trustee for Bond and Note issues. They value highly the machinery which attends to the issuance of its Bonds or Notes under Mortgage or Indenture and takes all of the responsibility for such details. Their experience has taught them that the duties of a Trustee are numerous, diversified, and highly technical and that it takes an organization of specialists to handle them properly. This the Trust Department is prepared to do.

The Corporation knows, because of its own type of organization, that highly specialized types of work are handled more efficiently by specialists and also that the cost would be prohibitive for each Corporation issuing Bonds or Notes to maintain its own organization for handling this class of work.

The investing public have also recognized the value of a Trust Company as Trustee for Bond and Note issues. They have more faith in securities whose Trustee is a reputable Trust Company because they know that such a Trustee takes all due precaution to see that the issue is acceptable to it. Although the name of a Trust Company on Bonds or Notes as Trustee does not in any way guarantee their value as an investment, it does mean that every precaution has been taken to see that the issue is a valid one, that the issuing Company has a good reputation and should see that the bankers who are floating the issue are beyond reproach. The Trust Company, when it accepts such a Trusteeship, in turn agrees to carry out, insofar as it is made responsible as Trustee, the terms of such an Indenture or Mortgage.

There is no doubt that Corporations issuing securities have recognized the additional value given such obligations where a reputable Trust Company acts as Trustee.

As Transfer Agent

The value of the service of a Trust Company as Transfer Agent for the stock of Corporations is becoming more popular. This is perhaps for a number of reasons. Cost again might play a large part, as one who follows the activity of the stock market knows that at times the stock of some corporations is very active and at other times very dull. To maintain a force large enough to take care of the most active times would mean a great expense in dull times. In addition to this, details of attending to the transfers of stock standing in the name of deceased persons is a matter for which the Trust Department is particularly well equipped as its officers and staff are

(*Continued on page* 303)

The Bond Market

Oil Bonds as Investments

Principles of Investment in the Bonds of Oil Companies—Some Especially Attractive Issues Obtainable at Current Prices

By R. M. MASTERSON

H. W. A. DETERDING, directing head of the Royal Dutch-Shell group of oil companies, is quoted as having once said:

"Oil is the most extraordinary article in the commercial world, and the only thing that hampers its sale is its production. There is no other article in the world where you can get the consumption as long as you make production. In the case of oil, make the production first and consumption will come. There is no need to look after the consumption, and as a seller you need not make forward contracts, as the oil sells itself. Only what you want is an enormously long purse to be able to snap your fingers at everybody, and if people do not want to buy it to-day, to be able to say to them: 'All right, I will spend a million sterling in making reservoirs, and then in the future you will have to pay so much more.'"

This trite paragraph sums up very clearly the status of the oil situation—a situation where ever increasing demands are faced by constantly diminishing supplies.

GENERAL RULES FOR PURCHASE OF OIL BONDS

1. Oil bonds should not be of too long maturity—a maximum of 15 years at the outside.

2. The company should have an adequate supply of working capital. This is extremely important in an oil company as it is in many cases decidedly more difficult to arrange bank loans than it is for an ordinary manufacturing company.

3. Oil bonds should carry a sinking fund sufficient to retire all, or at least a large part of the issue by maturity.

4. The total amount of the issue should be limited to a definite amount and the Indenture should contain provisions against the issuance of any additional issues.

5. In the case of a producing company the properties should not be confined to any one particular oil field or area and preferably the company should also own additional acreage outside of the U. S.

6. Be careful to note that any statements as to production relate to settled and not flush production.

7. The company should have ample storage capacity and its source of supply should be within easy access of pipe line facilities or tide water.

8. Management plays a most important part in the success of an oil company, and if possible it is well to obtain an authoritative opinion on the ability of the men at its head.

Importance of Oil

Practically all the machinery in the world requires petroleum in some form for its lubricant; not a wheel can turn without it. As a fuel, it is indispensable to the automobile and aeroplane; nearly all newly constructed steamships are oil burners and many of the coal-burning ships are being converted into the liquid fuel type; railroads, too, are rapidly coming to realize the superiority of oil over coal and many of our western roads are burning oil exclusively under their engine boilers.

Given the supply, fuel oil would replace coal as quickly as the necessary apparatus to burn it could be installed and the only reason that it has not already entirely displaced coal is that it is less abundant. Oil, as a fuel, is so far superior to coal that the two are hardly comparable. It generates almost double the heat units per pound; it leaves no ashes; it requires less than half the amount of labor to handle; it is more easily stored; more easily transported; and, in fact, oil can do more effectively and economically all that coal can do, and more.

Consumption

The consumption of petroleum is steadily increasing, year after year. In the accompanying graph the tremendous increase in the consumption of petroleum that has taken place in the United States in the past 13 years is strikingly brought out. Nearly every year shows a decided increase over the preceding year. Nineteen-twenty-one, it is true, showed a slight falling off from 1920. Nineteen-twenty-one, however, was a year of acute industrial depression, but in spite of this reduced activity in industry generally, consumption in 1921 was over 100 million barrels greater than in 1919.

Oil differs from many of the other natural resources that have made our country what it is to-day. Farm products may be reproduced indefinitely by proper fertilization; reforestation may in time renew the trees in our forests, which are now being cut down four times faster than they grow; our water power will probably last as long as prosperity; metals are taken from the earth and their form changed, but after they have served their purposes they can again be recovered, in many cases, from the scrap. But oil—once used, is gone forever.

Supply

Some authorities have estimated that the supply of petroleum in the United States still underground, at the present rate of consumption, will not last over 14 or 15 years. There is an ample supply in the whole world to last for a considerable period and it will also be possible, in the future, to recover a large quantity of oil from "shale" (clay or sands saturated with oil, which can be mined) but this method is economically unprofitable with oil selling at present prices. The United States, to-day, produces and consumes over two-thirds of the annual petroleum output of the world and when our domestic supplies fail, and fail they will eventually, we will have to buy our oil elsewhere or produce from shale. There can be but one result—a great advance in price.

This inevitable outcome of the petroleum situation places that commodity in the strongest kind of a strategic position insofar as future prices are concerned. While temporary conditions may from time to time arise, such as the present, where the supply on hand exceeds the immediate demand, petroleum prices, in the long run, are bound to be upward.

Relation to Oil Securities

It is possible to plainly distinguish two very salient elements that directly affect the securities of all oil companies. First, the fact that the price of oil must inevitably increase, which gives certain oil bonds or stocks great underlying strength,

and second, the steady exhaustion of the supply, which surrounds many oil securities with a very high degree of speculation. Some of the highest grade industrial investments available to-day are the bonds of good oil companies; on the other hand, some of the rankest swindles ever perpetrated have been in oil.

Evidently the selection of oil company bonds for sound investment requires the most careful kind of discrimination and investigation. Owing to the hazardous nature of the business itself and the fact that so much has been lost in oil securities, there are many oil bonds of very excellent character that sell at prices to yield decidedly more than many other industrial bonds of no greater degree of safety. Consequently they have a big appeal to many investors.

Oil Bonds

There are a very large number of all classes of oil bonds available from which the investor has to choose. In the table accompanying this article a list of the more important issues is given. All the bonds mentioned are actively traded in on either the New York Stock Exchange or on the New York Curb Market. While some of the issues are decidedly superior to others the writer has used a certain amount of discretion in making the selections and he believes that even the least desirable bond on the list is reasonably safe. The comments alongside of each particular issue represent purely the writer's personal views.

It will be observed that the longest maturity of any bond on the list is fifteen years. A number of issues are strictly short-term propositions, in some cases running less than a year. This type is not particularly interesting to the average investor but banks and other institutions which desire to keep a large portion of their funds in a fairly liquid condition can find some excellent suggestions among the oil bonds. Such issues are the Anglo-American 7½s, the Humble Oil 7s, Standard Oil of N. Y. 7s, and Texas Company 7s are unquestionably safe and offer a much better yield than can be obtained in many other types of short-term issues.

An Attractive Bond

One particularly attractive issue is the Sinclair 7½s. These bonds are to be called for payment on November 15th next at 103. The cash to pay them off is in the hands of the trustee, so that they are just as safe as a bank draft. They carry a convertible privilege, however, whereby, before October 15, 1922, each $1,000 bond may be exchanged for 10 shares of 8% preferred stock and a bonus of 2½ shares of common stock. Only a nominal amount of the preferred stock has been issued and no market exists for it at the present time but there is a strong likelihood that a market will be made for it before the conversion privilege expires. The directors have just placed the common stock on a 50 cent quarterly basis. The preferred stock were to sell at 105 (a reasonable figure) and the common at, say, 60, these bonds would be worth upwards of 120.

Longer Term Issues

There are also a number of issues running from 10 to 15 years which have a very high degree of security and offer a liberal yield. Atlantic Refining 6½s, for example, selling to yield just 6%, have an equity back of them almost unheard of in any other type of industrial bond. These 6½s are outstanding only in amount of $15,000,000, while an appraisal of the company's property by Messrs. Ford, Bacon & Davis, in 1919, placed a value of $135,900,000, or over 900% of the outstanding bonds. The company has been in successful operation since 1870 and is a former subsidiary of the Standard Oil Company. Exclusively a refiner and distributor, the company is not subject to many of the attendant risks common to the producing companies.

Another excellent issue, for conservative investment is the Union Tank Car Equipment Trust 7% Notes of 1930, which can be purchased on a 6.50% basis. These notes, originally outstanding in amount of $12,500,000, are secured by 6,000 tank cars (built during 1920), having a value of about $19,000,000. Under the trust agreement, title to the cars was vested in the Equitable Trust Company, trustee, for the benefit of the noteholders. A sinking fund of $1,250,000 per annum assures the maintenance of the equity of the notes during their life.

Special Features

Many times, in order to make some of the more speculative oil bonds attractive to investors, special features are included. These "added inducements" may take the form of a convertible privilege, a participation in earnings over a certain amount or in the event of oil selling at a specified higher price, or in the form of a detachable warrant entitling the holder to purchase stock in the company at a given price within a given period.

Among the bonds on the list, Mexican Petroleum 8s may be converted into Pan American B stock at $100 per share. Pan American A stock, which differs from the B stock only to the extent of voting rights, has hold as high as 138. The Mexican Petroleum 8s are outstanding only in amount of $10,000,000; they are the only funded debt and the company's assets are valued at many times that figure.

Galena Signal 7s are convertible into common stock of the company at any time on a par for par basis, which privilege may, before the expiration of the bonds, become very valuable.

The Marland Oil Company, Series A 8s of 1931 carry a detachable warrant entitling the holder thereof to subscribe on or before April 1, 1931, to 25 shares

(*Continued on page* 308)

OIL BONDS

Security	Rate	Maturity	Lowest Denom.	Redeemable		Present Price	Yield (%)	Remarks
Anglo-Amer. Oil Co.	7½	April 1, 1925	500	105	101	103½	6.20	Sound Co.—S. O. subsidiary.
Atlantic Refining Co.	6½	Mar. 1, 1931	100	103½	100½	103½	6.00	Very large equities.
Empire Gas & Fuel Co.	7½	May 1, 1937	100	115 less 1% each year		101	7.40	Business man's investment.
Galena Signal Oil Co.	7	April 1, 1930	100	100	101	104½	6.30	Standard Oil subsidiary.
General Asphalt Co.	8	Dec. 1, 1930	100	105	101	104	7.35	Convertible into com. stk. at par.
Gulf Oil Corp.	7	Feb. 1, 1933	1000	103½	102½	104	6.50	High grade investment.
Humble Oil & Ref. Co.	7	Mar. 15, 1923	500	100½		101¼	5.25	Safe short term. Controlled by S. O.
Invincible Oil Corp.	8	Mar. 1, 1931	100	110		90½	8.50	Very good spec-vestment.
Marland Oil Co. "A"	8	April 1, 1931	1000	105	101	118	....	Each $1,000 bond carries subscription warrants for 25 shares stock at 40.
Marland Oil Co. "B"	7½	April 1, 1931	1000	105	101	114	....	Series A carries participating feature.
Mexican Petroleum Co.	8	May 1, 1936	100	107½	101	107	7.20	Good bond—large earnings and equity.
Pan-Am. Petroleum & T. Co.	7	Aug. 1, 1930	500	105		102½	6.60	Well secured.
Phillips Petroleum Co.	7½	Oct. 1, 1931	500	107	101	125 / 101½	....	$1,000 bond has subn. warrants for stock at $33. Quoted with or without.
Pierce Oil Corporation	8	Dec. 15, 1931	500	107½		100½	8.00	Company not strong, but very large equity for bonds.
Sinclair Cons. Oil Corpn.	7½	To be called Nov. 15, 1922	100	103		104½	4.00	Unusual speculative opportunity.
Sinclair Cons. Oil Corpn.	7	Mar. 15, 1937	100	107½	100½	98½	7.20	Good bond.
Sinclair Crude Oil Pur. Co.	5½	April 15, 1925	1000	101½	100½	98½	6.00	High grade.
Standard Oil Co.—Calif.	7	Jan. 1, 1931	1000	105	100½	105	6.00	High grade.
Standard Oil Co.—N. Y.	6½	May 1, 1933	100	103	100	107	5.65	Extremely high grade.
Standard Oil Co.—N. Y.	7	Serially 1925–30	100	105		105–109	5.55	Extremely high grade.
Sun Co.	7	April 1, 1931	1000	103	101	101	6.85	Sound bond but rather inactive.
Texas Co.	7	Mar. 1, 1923	1000	101		101	5.70	High grade.
Tide Water Oil Co.	6½	Feb. 15, 1931	500	103½	100	102½	6.10	Good investment.
Union T'k Car Co. (equip.)	7	Aug. 1, 1930	500	102½		103	6.50	Equipment trust on tank cars—good.
Vacuum Oil Co.	7	April 1, 1926	500	104	101	107	6.25	High grade.
Valvoline Oil Co.	7	May 1, 1937	500	110		99	7.10	Old established refining company.

	BOND BUYERS' GUIDE	Apx. Price	Apx. Yield	Int. Earned on entire funded debt‡
	BETTER GRADE			
	Foreign Governments.			
1.	City of Christiania (b) 8s, 1945	110	7.10	....
2.	Danish Municipal (b) S. K. 8s, 1946	110½	7.10	....
3.	City of Zurich (b) 8s, 1945	112	6.90	....
4.	City of Copenhagen (b) 5½s, 1944	91⅝	6.20	....
5.	Kingdom of Sweden 6s, 1939	102⅛	5.80	....
6.	Argentine (c) 5s, 1945	86	6.12	....
7.	U. K. of Gr. Britain & Ireland (c) 5½s, 1937	102¾	5.25	....
8.	Dominion of Canada (c) 5s, 1931	98⅝	5.20	....
	MORE SPECULATIVE			
1.	Kingdom of Belgium (a) 6s, 1925	102	5.25	....
2.	Kingdom of Italy (d) 6½s, 1925	95½	8.20	....
3.	Republic of Chile (b) 8s, 1941	104¾	7.50	....
4.	Sao Paulo (b) 8s, 1936	102½	7.70	....
5.	U. S. of Brazil 8s, 1941	104¼	7.60	....
	GILT EDGE.			
	Railroads.			
1.	Balt. & Ohio S. W. Div. (b) 1st Mtg. 3½s, 1925	90¼	7.20	.80‡
2.	Ches. & Ohio (a) Genl. Mtg. 4½s, 1992	87⅝	5.05	2.20
3.	Delaware & Hudson (a) 1st & Ref. 4s, 1943	89¼	4.80	1.65
4.	Southern Pacific (b) 1st Ref. 4s, 1955	87½	4.75	1.65
5.	Chic. Burl. & Quincy (a) Genl. Mtg. 4s, 1958	88	4.70	2.40
6.	Union Pacific (b) 1st Mtg. & L. G. 4s, 1947	91¾	4.55	3.65
7.	N. Y., Chic. & St. Louis 1st Mtg. 4s, 1937	89	5.05	2.35
8.	Atlantic Coast Line (a) 1st Mtg. 4s, 1952	88⅝	4.70	1.55
9.	Pennsylvania (a) Genl. Mtg. 4½s, 1965	91	5.00	2.20
10.	West Shore (a) 1st Mtg. 4s, 2361	84	4.85	**
11.	Norfolk & Western (c) Cons. 4s, 1996	88⅛	4.55	3.95
12.	Central R. R. of N. J. (a) Genl. Mtg. 5s, 1987	106	4.60	1.40
13.	Atchison (b) Genl. Mtg. 4s, 1995	89	4.50	3.90
14.	Chic., R. I. & Pacific (a) Genl. 4s, 1983	83¾	4.80	1.00
15.	New York Central Genl. Mtg. 3½s, 1997	77	4.60	1.85
	Industrials.			†
1.	Armour & Co. (a) R. E. 4½s, 1939	90	5.40	6.75
2.	General Electric (b) Deb. 5s, 1952	100⅝	4.95	5.55
3.	International Paper (a) Conv. 5s, 1947	87½	6.00	16.70
4.	Indiana Steel (a) 5s, 1952	99⅝	5.00	**
5.	P. Lorillard (aa) Deb. 7s, 1944	113¼	5.90	4.80
6.	Baldwin Loco. (a) 5s, 1940	101¼	4.90	2.65
7.	National Tube (a) 5s, 1952	99¼	5.05	**
8.	Corn Products (a) 5s, 1934	99	5.10	60.70
9.	U. S. Steel (a) 5s, 1963	101½	4.90	8.70
	Public Utilities.			
1.	Duquesne Light (b) 6s, 1949	103⅛	5.75	3.40
2.	Amer. Tel. & Tel. (c) 5s, 1946	97⅜	5.20	4.80
3.	Western Union Tel. (a) 4½s, 1950	90⅛	5.12	4.15
4.	N. Y. Telephone (b) 4½s, 1939	94½	5.00	**
5.	Montana Power (c) 5s, 1943	96½	5.30	2.90
6.	Cal. Gas & Electric (a) 5s, 1937	95¼	5.40	4.15
7.	N. Y. G., E. L., H. & P. (a) 5s, 1948	98	5.12	2.10
3.	International Paper (a) Conv. 5s, 1947	96½	5.37	1.75
	MIDDLE GRADE.			
	Railroads.			
1.	Balt. & Ohio (b) 1st Mtg. 4s, 1948	80⅛	5.40	0.80
2.	St. Louis-San Fran. (a) Prior Lien 4s, 1950	71⅞	6.10	1.60
3.	Missouri, Kansas & Texas Prior Lien 5s, 1962	82¾	6.16	....
4.	Ches. & Ohio (b) Conv. 5s, 1946	92¾	5.55	1.55
5.	Cleve., Cin., Chic. & St. L. (a) Deb. 4½s, 1931	88½	6.20	2.40
6.	Pere Marquette (c) 1st Mtg. 5s, 1956	96½	5.20	2.05
7.	Southern Pacific (b) Col. Trust 4s, 1949	84⅝	5.05	2.40
8.	Kansas City Southern (a) 1st Mtg. 3s, 1950	68½	5.12	1.70
9.	Illinois Central (b) Col. Trust 4s. 1952	83½	5.10	2.25
10.	St. Louis Southwestern (a) 1st Mtg. 4s, 1989	78⅜	5.16	2.00
11.	Norfolk & Western (a) Conv. 6s, 1929	108	4.62	3.95
12.	Atchison (a) Conv. 4s, 1960	101	3.95	3.90
13.	Pennsylvania Genl. Mtg. 5s, 1968	99⅜	5.00	
	Industrials.			
1.	Wilson & Co. (a) 1st 6s, 1941	97½	6.20	2.10
2.	Comp. Tab. & Recording (b) 6s, 1941	96¾	6.30	5.45
3.	Adams Express (b) 4s, 1948	75½	5.80	2.60
4.	Int. Merc. Marine (b) 6s, 1941	93⅜	6.62	5.15
5.	Lackawanna Steel (c) 5s, 1950	88⅛	5.87	6.90
6.	U. S. Rubber (c) 5s, 1947	89¾	5.80	2.35
7.	Amer. Smelting & Refining (c) 5s, 1947	92¼	5.60	5.00
8.	Goodyear Tire (c) 8s, 1941	115½	6.60	9.55
	Public Utilities.			
1.	Public Service Corpn. 5s, 1959	84⅝	6.00	....
2.	Detroit Edison (c) Ref. 5s, 1940	95	5.40	2.80
3.	Brooklyn Union Gas (a) 5s, 1945	96¾	5.25	*1.35
4.	Northern States Power (b) 5s, 1941	91	5.80	1.80
5.	Brooklyn Edison (c) 5s, 1949	94	5.40	2.20
6.	Utah Power & Light (a) 5s, 1944	90½	5.75	1.80
7.	Cumberland Tel. & Tel. (b) 5s, 1937	93	5.70	1.70
	SPECULATIVE.			
	Railroads.			
1.	Western Maryland (a) 1st Mtg. 4s, 1952	63⅝	6.87	.70
2.	Iowa Central (a) 1st Mtg. 5s, 1938	82	6.87	....
3.	St. Louis Southwestern (a) Cons. Mtg. 4s, 1932	74⅛	7.70	2.00
4.	St. Louis-San Francisco (a) Adj. Mtg. 6s, 1955	78⅞	7.80	*1.90
5.	Mo., Kansas & Texas (c) Adj. Mtg. 5s, 1967	56⅛	9.00	....
6.	Southern Railway (a) Genl. Mtg. 4s, 1956	66⅝	6.40	1.85
7.	Missouri Pacific (b) Genl. Mtg. 4s, 1975	63½	6.40	.90
8.	Carolina, Clinch. & Ohio (c) 1st Mtg. 5s, 1938	91½	5.80	1.40
9.	Minneapolis & St. Louis (a) Cons. Mtg. 5s, 1934	81⅜	7.40	.50
10.	Denver & Rio Grande 1st Ref. 5s, 1955	48½	10.70	....
	Industrials.			
1.	Chile Copper (b) 6s, 1932	91¼	7.25	3.80
2.	Va.-Carolina Chemical (c) 7½s, 1932	105¼	6.75	2.75
3.	American Writing Paper (a) 6s, 1939	87½	7.30	1.90
4.	American Cotton Oil (a) 5s, 1931	90⅜	6.40	3.15
5.	Cuba Cane Sugar (c) 7s, 1930	86	9.50	....
	Public Utilities.			
1.	Hudson & Manhattan (c) Rfdg. 5s, 1957	83¼	6.20	*1.60
2.	Intr. Rapid Transit (a) 5s, 1966	68⅞	7.40	1.60
3.	Third Avenue (b) Refg. 4s, 1960	65	6.50	*1.20
4.	Va. Railway & Power (a) 5s, 1934	79	7.70	....

(aa) Lowest denomination, $5,000. (b) Lowest denomination, $500. (d) Lowest denomination, $50.
(a) Lowest denomination, $1,000. (c) Lowest denomination, $100.
(x) This issue was created on May 1, 1921.
† This issue, which represents the entire funded debt of the company, was created on Nov. 1, 1929.
* Number of times over interest on these bonds was earned.
** Earnings are not reported separately.
‡ This represents number of times interest on the companies' entire outstanding funded debt was earned, based on actual earnings of last five years. Interest on this issue was fully covered.

BOND MARKET REACTS

Irregular Trend Toward Lower Levels—Most Classes of Bonds Affected

CONSIDERING the heavy liquidation in securities which took place at one time during the past two weeks, the bond market gave a good account of itself, but nevertheless also showed the effects of prevailing uncertainty. Most classes of bonds gave way to the selling movement though the losses were not especially large in view of the sustained advance which these securities have had in the past year.

It was noticeable that Government issues remained the firmest. Even the foreign government issues were comparatively steady.

It was in the speculative group, however, that the most reactionary tendency was shown. Low-priced railroad and traction bonds were inclined to give way in sympathy with the reactionary tendency of the stock market. The industrial list was also irregular with bonds of a more or less speculative character showing the greatest disposition toward lower levels.

Money Rates Still in Downward Trend

Issue of the new Treasury 3¾% certificates indicate the probabilities with regard to the character of the money market in the near future. That there is decided abundance of funds is apparent. For that reason, it would not appear that the bond market is in danger of reaching much lower levels, as the course of bonds is to a great degree dependent on conditions in the money market. This, of course, refers particularly to the high-grade investment bonds whose integrity is unquestioned. The lower-grade bonds, while subject to a certain degree to money market conditions, are influenced more particularly by trade conditions and conditions in the companies which they represent. With business conditions improving and corporations showing better results by way of earnings, these bonds are steadily moving toward a safer position and in many cases should move out of the speculative group into the semi-investment group. Attention should be paid to the middle-grade and speculative bonds enumerated in the accompanying table, as, in our opinion, they offer excellent opportunities over a reasonable period.

Good Opportunities Offered by Convertible Bonds

Convertible bond issues of the stronger companies are desirable speculative securities at this time. Offering the same speculative opportunities as stocks, they are nevertheless much better secured as to principal and interest.

Continued absorption of the gilt-edge bonds continues to take place. Where such bonds can be obtained to offer a yield of 5 per cent or over, they may be considered representative opportunities in the investment group.

Inquiries on New Security Offerings

Inquiries on Other Securities Will Be Found in Their Respective Departments

DONNER STEEL CO. 7s

Another Bond Suggested

Would appreciate your opinion of the Donner Steel Co. 7% bonds recently offered by Kissel, Kinnicutt & Co. at 98 to yield 7.20%. G. G. Jamestown, N. Y.

Donner Steel Co. $5,000,000 1st mortgage 7s due 1942 are secured by a direct mortgage lien on all the fixed assets of the company subject only to an issue of $5,000,000 1st and Purchase Money mortgage of which $4,300,000 are pledged under this mortgage. Net tangible assets of the company are appraised at 3.18 times the amount of this issue. For the five years ended December 31, 1920, earnings averaged 2½ times interest charges including this issue but in 1921 the company operated at a loss. Working capital of company is $4,000,000.

While these bonds can be regarded as a good business man's investment we would prefer the South Porto Rico 1st 7s due 1941 selling on the New York Stock Exchange at 98 to yield 7.2%. The working capital of this company alone is in excess of the bond issue and in view of the marked improvement in the sugar industry they are rapidly getting into a stronger position and we look for them to advance in price.

UNITED STATES OF BRAZIL 7s

Central Railway Electrification Loan

Your opinion of the United States of Brazil Central Railway Electrification Loan would be greatly appreciated.—J. T. D., Reading, Pa.

U. S. of Brazil Central Railway Electrification Loan 7s due 1949 are a direct obligation of the government of Brazil and specifically secured by a first charge on the gross operating revenues of the Central Railroad of Brazil, which is the principal railway of that country operating 1,563 miles of lines. The proceeds of this $25,000,000 loan are to be used in part to provide for the electrification of the suburban division of the railway which is owned by the government and is without bonded debt.

The sinking fund payments during the first fifteen years of the life of the loan are to be sufficient to purchase each six months one-sixtieth of the total authorized loan if bonds are obtainable in the open market at or below par. If not so obtainable balance unexpended at the end of six months reverts to the Government. Therefater sinking fund payments are to be sufficient to retire the entire outstanding issue, in equal semi-annual installments, either by purchase in the open market up to 102 and interest or by call by lot at that price, thus assuring holders who retain their bonds payment at 102 and accrued interest.

At the offered price of 96½ the yield is 7.3% and we regard the bonds as an attractive investment opportunity.

THOMAS FURNACE 7s

Marketability Desired

I am contemplating making an investment in the Thomas Furnace Co. 7% bonds as the yield 7.1% looks attractive. What I am doubtful about is whether these bonds will have a ready market so that in case I wanted my money at any time I could sell without sacrifice in price. Will be very grateful for your opinion.—T. H. K., New Castle Pa.

Thomas Furnace Co. 1st mortgage 7s due 1937 are a first mortgage on property independently appraised January 1922 at 3.3 times this issue and working capital alone is in excess of the bonds. For past six years earnings averaged 4.3 times interest charges although the company took substantial losses in 1920 and 1921. With a small issue such as this, only $850,000, you cannot feel at all sure that the marketability will be good and as you state you may want to sell the bonds later on our suggestion is to pass this issue up and purchase instead Sinclair Consolidated 1st lien and collateral 7s due 1937 and selling on the New York Stock Exchange at 98½. The latter have a broad public market which would enable you to sell out at any time and you get just as good a return on your money.

CITY OF GREATER PRAGUE 7½s

Yield 8.17%

I note that the City of Greater Prague bonds offered by Kuhn, Loeb & Co. yield 8.17%. Do you regard them as a good business man's investment?—S. B. C., Newark, N. J.

City of Greater Prague, Czechoslovakia, $7,500,000 7½% Mortgage Loan bonds are a direct liability of the city and are further secured by a first specific mortgage on electric, gas and waterworks and tramways owned by the City. Proceeds will be utilized for construction of power house, gas plants, tramways, etc., which will be included in the mortgage. Principal and interest are payable in gold at New York. Sinking fund provides for retirement by maturity May 1, 1952, by purchase at par or better.

The city undertakes to credit the gross receipts of the pledged enterprises to a special account, out of which there will be paid fortnightly 1/26 of the total amount annually required for the service of interest and sinking fund of the loan. The gross receipts of the pledged enterprises are estimated for 1922 at $6,000,000 at the approximate present rate of exchange, while the service of the loan will require not over $1,270,000. The value of improved real estate within the limits now included in the greater city was estimated in 1915 at $400,000,000. The bonds are issued in denominations of $500 and $1,000. They are free of all taxes whether levied by the Czechoslovak Government or the city and are payable in time of war as well as peace and whether holders be subjects of a friendly or hostile state. The City of Greater Prague was constituted on January 1, 1922, by the inclusion of the older city of 38 suburbs. It has a population of about 676,000.

We regard the bonds as a fair business man's investment suitable for a portion of his funds, but there are other and more desirable bonds among domestic issues.

CONSOLIDATED GAS OF BALTIMORE 6s

Yield 6.05%

I am taking advantage of your offer to rate new security issues to ask your opinion of the Consolidated Gas Electric & Power Co. of Baltimore 1st mortgage 6% bonds recently offered by a banking syndicate.—R. R. L., Savannah, Ga.

Consolidated Gas of Baltimore $10,000,000 1st mortgage 6s Series A due 1949 in our opinion are entitled to a high rating. They are secured equally with $5,000,000 7½% Series B bonds and $9,000,000 Series C bonds by a mortgage on all the property of the company. Net earnings of the company for the 12 months ended April 30, 1922, were more than 2¼ times the total fixed charges including this issue. This company has shown an excellent earning power over a long period of years and even during the inflation period when most utilities had a trying time never failed to earn its interest charges at least twice over. Proceeds of this issue is for the purpose of refunding $5,000,000 7% notes and $5,000,000 6% notes of Consolidated Power Co. Franchises of the company are unlimited as to time and no other company can enter the field without the consent of the Public Service Co. of Maryland. Bonds are followed by $5,000,000 8% preferred stock and $14,610,200 common on which continuous cash dividends have been paid since 1909.

We regard these bonds as a conservative investment and attractive at the offered price of 99 yielding 6.05%.

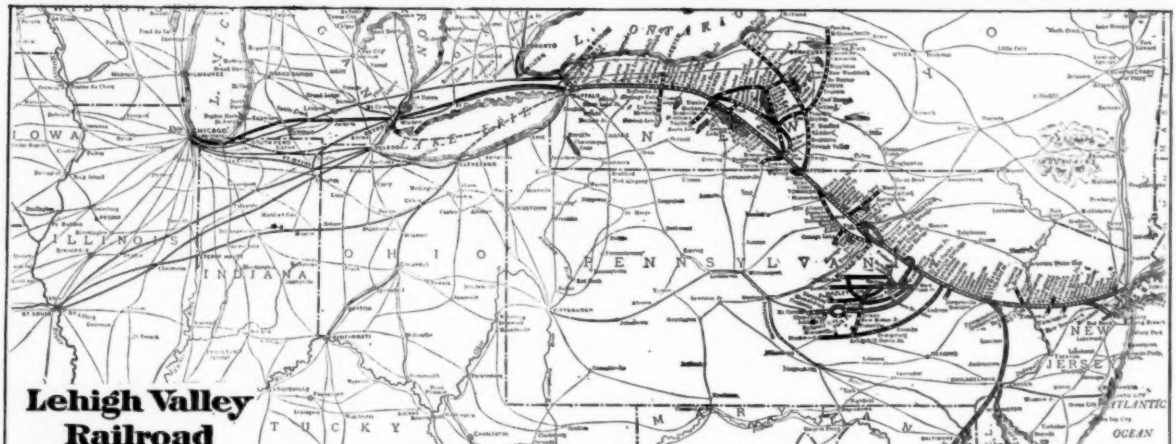
PHILLIPS PETROLEUM 7½s

Entitled to Excellent Rating

Availing myself of your offer to pass on new security offerings would appreciate your opinion of Phillips Petroleum 7½% bonds due 1931. N. G. K., Flushing, N. Y.

Phillips Petroleum $3,500,000 7½% debentures constitute the only funded debt of the company and are followed by 660,000 shares of common with a market value of over thirty millions. Net earnings for the year ended July 31, 1922, three months estimated, will be about $6,150,000. For year ended July 31, 1921, net earnings were $5,325,755 and net

(*Continued on page* 305)



Lehigh Valley's Expansion Program

The Claremont Terminal and Buffalo Development Work—Strong Financial Position—The Common Stock

An Interview with EDWARD E. LOOMIS

President of the Lehigh Valley Railroad Company

As Reported by Benjamin Norton

THE Lehigh Valley railroad is and always has been a standard railroad of the first class, running from New York City—across the State of New Jersey, through eastern Pennsylvania and central and western New York to Buffalo and Niagara Falls, a system of about 1,500 miles.

The management of this excellent property has always been devoted to the interests of the people and the territory served as well as to all the features of high grade maintenance and operation with a careful regard, always, for the Security holders. The "Lehigh Valley" stands for excellence in every detail.

Like all the railroads of the country, however, it has had its bitter experiences, growing out of government control and the management is working out the problems presented with persistence and diligence. Edward E. Loomis, its president is a railroad man through and through, of long experience; is alive to the situation and is giving close and undivided attention to all the requirements of the times.

In a recent interview with him, at his Liberty Street office, the writer learned many things of present-day importance and found him very glad to discuss the questions presented which he did in his clear decisive way.

Results of 1921 Operation

"In our annual report for the year ending December 31st, 1921" he said, "you will find everything concerning our financial condition. It is there, in every detail. It might be of especial moment," he continued, "to note the results from operation." This is indicated in the accompanying table:

LEHIGH VALLEY

The corporate income account for the year was as follows:

Total operating revenue		$74,997,799.15
Total operating expenses		67,238,067.77
Net operating revenue		$7,759,731.38
Railway tax accruals	$2,026,088.03	
Uncollectible railway revenues	40,683.80	
		2,066,771.83
Operating income		$5,692,959.55
Other income		12,839,774.08
Total income		$18,532,733.63
Deductions from income		8,481,936.12
Net income		$10,050,797.51

PROFIT AND LOSS

Balance December 31, 1920	$36,326,576.04
Transferred from income	10,050,797.51
Miscellaneous items—Net	1,399,705.37
	$47,777,078.92
Dividends	4,245,749.00
Balance December 31, 1921	$43,531,329.92

It may be worth while to observe from the Annual Report that there were paid and cancelled during the year $3,400,000.00 equipment trust certificates, which leaves the company without any equipment trust obligations, whatever and since the year 1903 expenditures have been made for additions and betterments to the company's properties and for other capital purposes of approximately, $26,650,000.00 against which **no securities have been issued.**

Discussing the deplorable condition of equipment at the termination of government control, the report points out that the Lehigh Valley expended and charged to operating expenses for the maintenance of engines, cars and floating equipment, during 1921, a total of $25,138,717.00—an increase of practically $1,500,000.00 over the previous year and approximately $8,-037,000.00 more than would have been expended, had outlays been limited for this purpose to the same ratio as applied on other railroads during the year, according to the records of the Interstate Commerce Commission.

To meet business revival the report shows that in spite of the high rates of pay and expensive restrictions governing working conditions, prescribed by the Railroad Labor Board, which do not apply in other industries, favorable contracts were made with various car-builders, by which in the repairs to 9,975 cars, the company saved $690,274.50.

Revenue from Coal Traffic

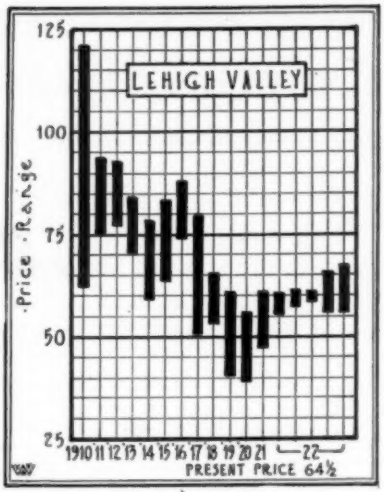
The Lehigh Valley is a coal road, as every one knows. Its revenue from coal traffic is 40% of its total freight earnings and last year its coal tonnage

amounted in round figures to 15,000,000 tons. On account of the miners' strike, April showing presents a decrease in gross revenue of more than $2,000,000.00, although by reason of curtailed service and other reduced expenses the net loss was barely $42,000.

Illustration of Reduced Expenses

"Let me mention the subject of cross ties," said Mr. Loomis. "It is a matter of great importance to any road. Some years ago we adopted the policy of putting into our road bed creosoted ties, only, and in 1921 it was necessary to place but 456,-789 ties in our tracks as compared with an average of 838,627 for the five-year period prior to government control. It is expected that our annual requirements, in this direction will continue to show a reduction as the number of creosoted ties in the track increases. At this time we have in our tracks 5,707,979 creosoted ties which is practically 62% of the total number of ties in service. So far as rails go, I may say that some years ago we adopted the policy of laying only rail weighing 136 pounds to the yard and at present have 380 miles of track laid with this extra heavy rail. This all makes for permanence and marked economy, at the same time."

When the writer asked Mr. Loomis about the recent acquisition of the "Clover Leaf" by the Nickel Plate, he replied that he considered it a logical move and should work out to the best advantage, for both roads. "Our relations with the Nickel Plate and the 'Clover Leaf' are extremely pleasant and always have been, as you know, and there is no good reason why our pleasant relations should not continue for the future. The interchange of traffic between the Lehigh



Valley and the Nickel Plate is large and will undoubtedly continue to increase.

The Claremont Terminal

"We have heard a good deal of late," remarked Mr. Loomis, as he warmed up to Lehigh Valley's affairs," about port development and facilities generally for handling traffic in and about New York and I want to call your attention to the great work we are now engaged in on New York Bay at Jersey City. It is a wonderful piece of construction, known as our Claremont Terminal. Few people realize what a great improvement we have undertaken there. It is a water and rail terminal to facilitate inbound and outbound ocean going traffic.

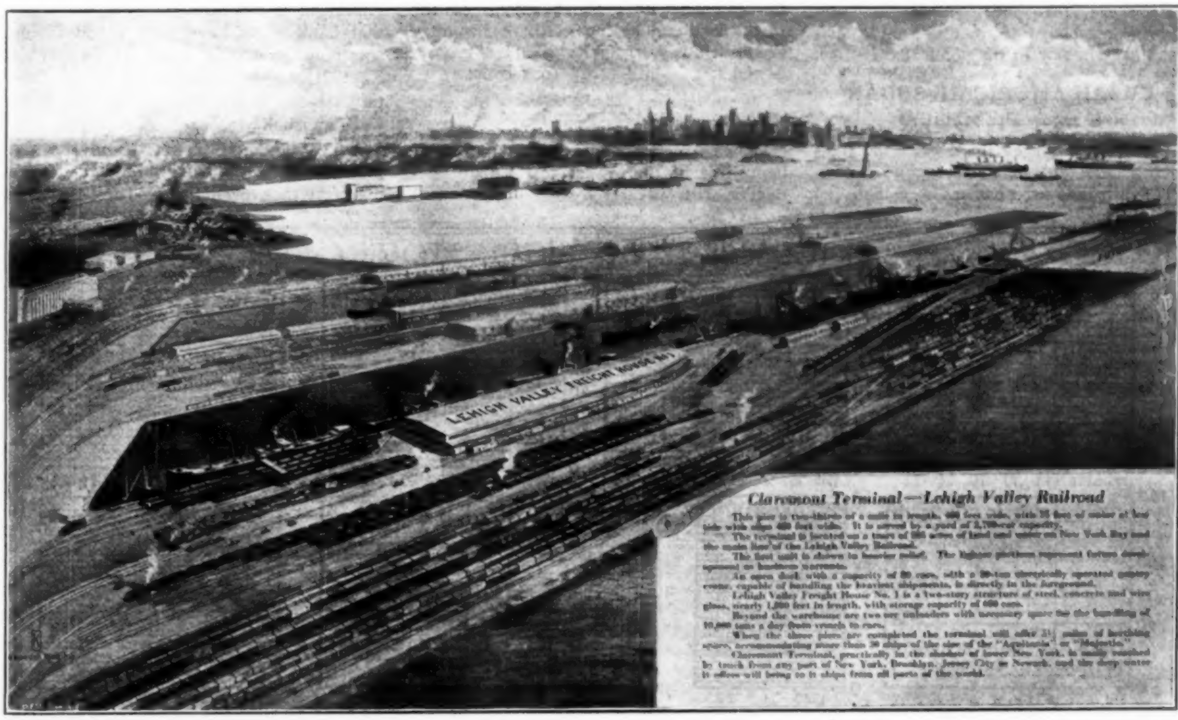
"The first unit of this development, which will be ready for service during the year 1922, is a pier more than **two thirds of a mile long**, with 35 feet of water alongside, at which the very largest steamers afloat can be berthed. Its facilities will include a two-story warehouse with a capacity of 600 cars of freight; an open dock served by a 30-ton travelling gantry crane, capable of handling 400 cars of freight a day, and two electrically operated unloaders to handle ore and coal from vessels to cars, with a capacity of 20,000 tons per 24 hours. As increased traffic warrants, two additional piers will be built. When completed in its entirety, the terminal will afford docking facilities of approximately five and a half miles, capable of berthing the largest ocean going craft. There are involved in this great work 535 acres!

The Buffalo Development

"At Buffalo we are planning the industrial development of a 230-acre tract, following the clearing of certain long-disputed titles. This property has a water frontage of more than one mile, amply protected by a breakwater, lies less than two miles from the center of Buffalo, and adjoins our 500-acre freight terminal, known as the Tifft Farm Terminal, with which it has direct track connections. This development will offer special advantages as sites for grain elevators and industries desiring lake and rail transportation facilities. We are planning for the future, as we always aim to do."

Referring to the Lehigh Valley's connection with the Lehigh Valley Coal Co. and Coxe Bros. and Co., Inc., which the United States Supreme Court has directed the railroad company to sever, Mr.

(*Continued on page* 314)



Claremont Terminal—Lehigh Valley Railroad

Industrials

Sugar Industry Turns the Corner

Steady Advance in the Price of Sugar Means Added Earning Power to the Sugar Companies — Great Improvement in Finances—Outlook for the Shares

By JOHN MORROW

STRENGTH in raw sugar prices with an advance to over 3 cents a pound and the establishment by refiners of a price of 6 cents for refined sugar, as compared with a low of 4.80 cents in January, naturally have stimulated interest in the securities of producing and refining companies.

Sugar companies, as a class, were largely dependent upon co-operation of their banking creditors last Fall for the continuation of unimpaired corporate existence, and the evidence that the industry has turned the corner and is, perhaps, on the way to new prosperity is of utmost importance. Capital employed in the production and refining of sugar by American owned companies runs into the hundreds of millions, and a rise in the price of the product, coupled with a better demand, means new light for banking creditors and securities holders alike.

There are nine sugar companies whose securities art listed upon the New York Stock Exchange in which, at the present time, there is an active interest and the following sketches of their respective positions are entirely to the point at this time.

CUBAN-AMERICAN SUGAR
Merger Probabilities

Merger talk struck the sugar companies early and hit definitely upon Cuban-American. It is now quite established that there will be an early consolidation between the Cuban-American Sugar Company and the National Sugar Refining Company. While no official announcement has been made, reports which appear in keeping with the probabilities have it that National Sugar Refining will be merged through an exchange of its stock for shares of Cuban-American.

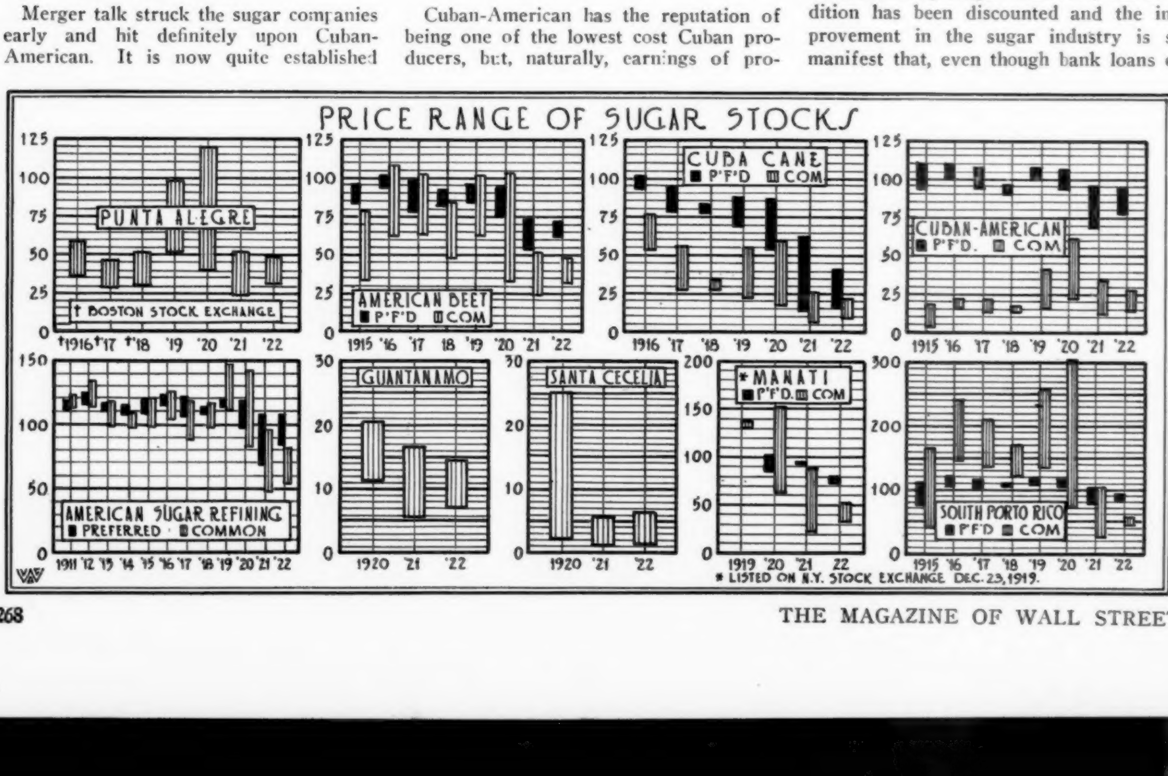
National Sugar Refining has outstanding $10,000,000 capital stock and no funded debt. National has paid not less than 6% annually for more than twenty years and capitalization has remained unchanged. Tentative plans are said to provide for the exchange of one share of Cuban-American preferred and two or three shares of common for each share of National Sugar. On that basis Cuban-American would have outstanding 7% cumulative preferred of almost $18,000,000 and between 1,200,000 and 1,300,000 shares of common stock of $10 par value. While there are no records available of the earnings of National Sugar Refining, the company does about 12½% of the sugar refining business of the country and, obviously, from its dividend record, is and has been a prosperous concern.

Low Cost Producer

Cuban-American has the reputation of being one of the lowest cost Cuban producers, but, naturally, earnings of producing companies fluctuate more widely, under normal conditions, than do the earnings of refining companies, and the combination of a refining company and a producing company ought to have the effect of more or less stabilizing earnings and, so far as may be tentatively judged, ought, in the long run, to strengthen the earning power of Cuban-American.

Cuban Cane Sugar is the only Cuban producing company which produces a larger proportion of Cuba sugar than Cuban-American, whose proportion of the total production runs between 6½ and 7%. For the past seven years Cuban-American's production of raw sugar has been between 1,500,000 bags and 1,900,000 bags. Production for the current crop year is expected to be between 1,700,000 and 1,800,000 bags, of which the company is said to have between 700,000 and 1,000,000 bags on hand. The importance of further advances in raw sugar, as applied to earning power, is apparent.

While the financial position of Cuban-American is not strained, it is not likely that bank loans have been reduced substantially from the totals of September 30, 1921, which, owing to the demoralization of the sugar industry at that time, were unusually large. However, that condition has been discounted and the improvement in the sugar industry is so manifest that, even though bank loans of



SUGAR COMPANIES

	Earnings Per Share on Common Stocks					Dividends Paid Per Share Common				
	*1917	1918	1919	1920	1921	†1917	1918	1919	1920	1921
Amer. Sugar Ref.	$20.00	$16.45	$22.45	$2.78	def.	$7	$8.50	$10	$10	$5.25
Amer. Beet Sugar	38.82	18.90	6.00	14.17	def.	20	8	8	8	....
Cuban-American	‡63.41%	86.75%	67.67%	116.34%	def.	§20	10	10	¶$4	$2.50
Cuba Cane	$8.63	$1.25	$7.77	$17.69	def.	....	..	..	....	....
Guantanamo	♮16.84	18.00	37.3	‡26.13	def.	$3.75	$5	$5	$8.75	$1.25
Manati	....	$14.90	18.76	24.20	def.	....	10	10	10	7.50
Punta Alegre	....	$12.28	$20.75	$28.25	def.	....	..	$1.25	$5.75	$8.25
Santa Cecilia	....	....	$12.56	$0.99	def.	....	..	$1.25	$2.00	....
South Porto Rico	$37.35	$27.74	$36.84	$69.65	$0.41	$20	$20	$20	$20	$4.50

* Fiscal years. † Calendar years. ‡ On $10,000,000 stock, $100 par. § On 100 par. ¶ On $10 par. ♮ Per cent earned on $50 par. ‡Dollars earned on no par.

a company like Cuban-American may be rather large at this time, it is no longer a matter of serious concern, if, indeed, it ever was.

Value of Securities

The investment position of Cuban-American First Mortgage Collateral 8s/1931, which are outstanding to the amount of $9,000,000, is well secured, and the 7⅓ cumulative preferred, upon which dividends are regularly paid, is also possessed of sound value. Dividends on the common stock were suspended in the second half of 1921 and, apparently, there can be no thought of near future resumption. The stock is not exactly cheap and is likely to move within a narrow range until its earning power shows clearly signs of substantial recovery.

PUNTA ALEGRE

Steady Success of Company

Punta Alegre, in the amount of sugar produced, is one of the smaller American-owned companies operating in Cuba, but it has had a successful record in the seven years of its corporate existence. The output was only 218,000 bags in the year ended May 31, 1917, whereas in the year ended May 31, 1921, production had increased to 663,000 bags. Under normal conditions, Punta Alegre ought to be able to produce sugar at a cost of under 3 cents a pound and therefore should be able to make fair profits in normally good years. The loss of $2,000,000 in the year ended May 31, 1921, was, naturally, not a fair criterion of earning power, and it is likely that the report for the year ended May 31, 1922, will show another loss, as it covers a period when the sugar industry was generally in a most depressed state, and the improvement which has set in lately will not be reflected in those figures.

Financial Plans

Punta Alegre at the present time has no funded debt but plans to offer $5,820,000—15-year 7% debentures to stockholders at par. Proceeds from this bond offering are needed to strengthen working capital and to pay off a floating indebtedness of between $1,500,000 and $2,000,000.

The great increase in Punta Alegre's earnings during the war period is worth noting, and the fact that the company did not obtain what might be called full growth until during the period of great prosperity serves somewhat to cloud normal earning power. The company cannot be expected to duplicate, for example, net income of $6,600,000, which was obtained in the fiscal year ended May 31, 1920, or, at least, it will take another period of boom times to enable earnings to approach any such total.

Dividend Record Conservative

The dividend record has been quite conservative, for it was not until 1919 that the initial dividend was declared upon the common stock and then the rate was established at $5 a share and continued until April, 1921, when business conditions forced the suspension of payments.

Punta's production costs are low enough to prove efficient management, and the company is in a strong position to compete with other Cuban producing companies in present times when the selling price of sugar makes production costs a very, very prime consideration. Production during the crop year just coming to an end is about 745,000 bags, an increase of 81,000 bags over the previous year, and the cost of production is said to have been only slightly over 2 cents a pound; therefore there is almost sure to be a substantial operating profit on this year's crop.

The offering of the 7% convertible bonds ought to take care of financial needs and, incidentally, it would seem advisable for stockholders to exercise the subscription privilege, if possible, for they will be receiving a good security netting 7% and one whose conversion privilege may later become valuable if and when the sugar industry meets a broad revival.

Conclusion

Lately the stock has been strong, influenced by rising prices for raw sugar and by announcements of the expectation of substantial profits on current sugar output. The company has demonstrated a good earning power; apparently is emerging from the depression in a sound condition, and therefore the shares seem worth purchasing on reactions.

CUBA CANE SUGAR

Slowly Pulling Through

Cuba Cane Sugar apparently is about the only one of the big producing companies in Cuba which promises to show a decrease in output this year as compared with last year. Preliminary and tentative figures would indicate an outturn for the current crop year of about 3,250,000 bags, as against 3,978,000 bags last year. On the basis of 3-cent sugar Cuba Cane would have a gross revenue of between $31,000,000 and $32,000,000, as against almost $50,000,000 last year, but last year's receipts were 3.89 cents a pound against a cost of over 4 cents a pound. This year it is hoped that costs will be under selling price and that therefore it will be possible for the company to show a margin of profit on sugar sales, even though production and gross price received are under last year's figures.

Financial Position

Last year Cuba Cane was, admittedly, in a desperate situation and was saved from financial disaster by co-operation of creditor banks. As of September 30, 1921, Cuba Cane's debts against sugar and bank loans exceeded $28,000,000. Later on the company arranged a credit of $10,000,000, which has been drawn on to the extent of perhaps $7,000,000. At present perhaps $7,000,000 acceptance credits and $9,000,000 bank loans are outstanding. In other words, it would appear as if

SUGAR COMPANIES

EXPANSION, CAPITALIZATION AND PRODUCTION

	Total Capital Bonds and Stocks		Production Bags	
	1917	Present	1916	1921
Amer. Sugar Ref.	$90,000,000	$120,000,000	......	......
Amer. Beet	20,000,000	20,000,000	†2,155,000	†1,461,799
Cuban-American	17,893,000	26,800,000	1,676,000	1,829,000
Cuba Cane	§52,500,000	79,583,000	3,174,000	3,978,102
Guantanamo	3,000,000	1,500,000 pfd. 300,000 shs. com., no par	‡251,000	253,900
Manati	11,200,000	21,500,000	280,000	400,400
Punta Alegre	7,500,000	11,641,150	218,600	663,700
Santa Cecilia	*3,500,000	1,500,000 bonds, pfd. 105,000 shs. com., no par	54,473	70,000
South Porto Rico	9,500,000	$22,205,000	*75,550	111,000

* Tons. † Bags, 100 lbs. ‡ 1917. § Declared capital, $50,000,000 pfd. and 500,000 shares common.

Cuba Cane had reduced its indebtedness perhaps $5,000,000 since last Fall, mainly through the liquidation of carry-over sugar. At the end of September, 1921, the company had over $15,000,000 worth of sugar on hand, all of which was sold by the early part of 1922; therefore the company, in the present crop year, is not faced with a large carry-over, and it seems a reasonable assumption that in the Fall financial position will have reached the stage where it can be reasonably described as easy.

Conclusion

Of the $25,000,000 debentures due 1930, outstanding, $17,500,000 carry interest at 8% and $7,450,000 at 7%. The 7% bonds represent those which did not assent to the plan to subordinate the bonds to the $10,000,000 loan of last Fall, while the 8s did agree to this subordination. As conditions stand the 7s have a claim prior to that of the 8s, but when the bank loans are paid the 8s will rank equally with the 7s and will have the advantage of 1% in coupon rate. These debentures look to be a reasonably safe semi-investment purchase.

It does not look as if the result for the 1921-22 crop will bring much surplus for the preferred or common shares of Cuba Cane. The preferred stock, however, is rather attractive long pull speculation—much more attractive than the common.

AMERICAN BEET SUGAR
In a Satisfactory Position

When the status of American Beet Sugar comes under consideration the tariff on foreign cane sugars immediately assumes importance. Under the proposed tariff bill a duty of $1.60 will be levied against foreign raw sugars. Naturally, there has been keen dispute over this rate, but the protectionists seem to have the floor. The natural market of American Beet Sugar is west of the Mississippi but not extending to the Pacific Coast, where Hawaii sugars are used. Beet sugar does not get East unless there is a great scarcity or abnormal demand for sugars.

During the past ten years American Beet Sugar has had a good earnings record and did not come upon deficits until the year ended March 30, 1922. A year ago a large amount of high cost sugar was carried over, and the sale of that sugar during the past year at prices under the cost of production killed all thoughts of profit. This year the carry-over is less; production costs are lower, and selling costs are lighter.

Earnings Possibilities

American Beet Sugar has done no financing—has made no changes in capitalization, and in that respect is quite an exception. Furthermore, whereas bills payable in March, 1921, were $6,805,000, they were less than $3,000,000 on March 31, 1922. Production and sales of beet sugar have been approaching the 1,500,000 bags mark during the past few years—bags of 100 pounds. If production during the coming year is 1,000,000 bags and selling price between 5 cents .. d 6 cents a pound, the company ought not only to earn the pre-

(*Continued on page 309*)

Newcomers on the N. Y. Stock Exchange

A Description of the Companies Whose Shares Have Been Recently Listed — Their Market Prospects

By FRED L. KURR

IN the current year quite a few new stocks have joined those listed on the New York Stock Exchange and many of these new issues are well worth the attention of the investor. Shortly after being listed most of these securities enjoyed a rather substantial advance a good portion of which, however, was lost in the recent reaction in the general market.

Recently listed securities frequently offer very attractive speculative possibilities as they have not as a rule been as widely distributed to the public as the older issues and pools working in them are often able to bring about very extensive upward moves. When, therefore, the security has real merit behind it an opportunity is presented that should not be overlooked by the investor or trader. In this article thirteen companies are briefly discussed whose stock were brought to the big board in 1922. The accompanying table gives the figures on capitalization, dividends, working capital and price range.

Atlas Powder

Atlas Powder was formed in 1912 to take over certain plants and a portion of the business and assets of the E. I. du Pont de Nemours Powder Co. pursuant to the decree of the United States District Court of Delaware in the suit brought under the Sherman anti-trust law. The company is one of the leading manufacturers in the United States of dynamite and blasting powder and supplies. The company does not manufacture rifle or ordnance powders and its only connection with war work was through the manufacture of acids and chemicals used in the manufacture of munitions.

In November 1921, construction was started on a plant which will have an annual capacity of 6,000 tons of Darco, which is a new type of refining carbon essential in a wide range of industries. Orders have already been received for a large portion of the output for use in refining sugar, edible oils, lactose, maltose, gelatine, chemicals and many other products. Substantial earnings are expected from this new venture. The company is in very strong financial condition and under normal conditions should be able to earn its present dividend of 12% on the common stock.

At present price of 130 the yield is 8.8% and stock looks rather attractive as a semi-speculative investment.

E. I. du Pont de Nemours

E. I. du Pont de Nemours & Co. with its affiliated corporations has grown to be one of the largest industrial corporations. Its activities extend from the manufacture of powder and chemicals to the ownership of hotels. It owns 7,000,000 shares of General Motors common stock out of a total issue of 20,640,000 and has a substantial voice in the management of the corporation. At the present time no return is being received from this investment. If General Motors pays $1 a share on its common it would mean an income for du Pont equivalent to $11 a share on the common stock, and as the company can probably earn the present dividend of 8% on the common without any income from General Motors holdings it can readily be seen that du Pont common stock at 129 is a much better proposition than General Motors at 14. Financial condition of du Pont is strong and the company is of course greatly benefiting from the increased business activity of the country.

At present price of 129 the stock appears to have exceptionally attractive speculative possibilities.

General Baking

The business of General Baking Co. is mainly the manufacturing and selling of bread, but in certain localities biscuits, crackers, cakes and pies are manufactured. Its principal brand is "Bond Bread." In 1921 the company purchased the entire property of the Dillman Bakery Inc., comprising a modern bakery with a floor space of 75,000 square feet. In 1922, a bakery with 35,000 square feet was acquired in Syracuse, N. Y., also a new plant at Steubenville, Ohio.

The company is in good financial condition and earned $10 a share on its stock in 1921. **Previous to 1921, however, the company did not demonstrate an earn-**

ing power sufficient to pay dividends at the present rate of 8% and the stock therefore should be regarded as decidedly speculative and not particularly inviting at present price of 123.

Compared with securities of other companies in the same line such as Standard Milling (120) which has averaged 18% per annum on its stock in the past ten years General Baking looks rather high.

Glidden Company

The Glidden Co. is a consolidation of twelve manufacturers and distributors of paints, varnishes, japans, chemicals, linseed oil and other products. Some of the company's best-known brands are "Jap-a lac," "Gliddon's," "Skin-Cote," "Nevarust," "Anaconda Lead," "Endurance Paints" and "Royal" brands. During the past year the company secured the exclusive rights for sale and manufacture of "Ripolin" which is the best-known brand of enamel in the world.

As of December 31, the company had notes payable of $2,500,000 and in order to strengthen its financial position the dividend on the preferred was passed in March, 1922. In 1920 the company reported a deficit of $198,490 and in 1921 a deficit of $2,369,005. These losses were largely the result of depreciation in inventory. Previous to 1920 the company showed good profits, net profits in 1919 being $1,523,617. The company has good selling brands and is now benefiting from the increased demand for its products. It is supplying the bulk of Ford paint requirements. So far this year satisfactory profits have been made and the outlook is very encouraging.

At present price of 15 the stock would appear to have very attractive speculative possibilities.

International Combustion Engineering

International Combustion Engineering Corp. is the most important factor in its field which is the sale of patented automatic stokers and other combustion devices. Its products have a market all over the world and there has been steady increase in demand. As of December 31, 1921, there was $4,000,000 of new business on the company's books which was equal to the entire gross business done in 1921. A good earning power has been shown for a number of years.

On basis of present capitalization earnings past four years have averaged $2.75 a share, 1921 earnings reaching $3.50. Company is in good financial condition and April this year retired $516,800 6% bonds.

At present price of 23 the stock returns 8.7% on the investment and in view of the steady increase in the company's business looks decidely attractive at the price.

Julius Kayser

Earnings of Julius Kayser for the fiscal years ended August 31, 1920 and 1921, do not show up very well on the basis of the present capitalization but this was largely the result of losses taken in inventories and for the seven months ended March 31, 1922, earnings were equal to $10 a share on the common, after preferred dividends. No dividend action has as yet been taken on the new common stock but this is expected shortly. The business of the company originally established in 1880 comprises the manufacture and sale of silk, woolen, and fabric gloves; silk and knit hosiery, underwear, dress nets, etc.

The company has shown good earnings over a long period of years and the stock appears to have good possibilities at present price of 38.

Piggly Wiggly Stores

Piggly Wiggly Stores Incorporated acquired from the Piggly Wiggly Corporation, by delivering to the latter class B common stock, the right to operate stores under the Piggly Wiggly system in the entire United States. At the present time approximately 350 grocery stores are operated.

Class A stock is entitled to $4 cumulative dividends, at present time back dividends total $7. After $4 has been paid on both A and B stock they share alike in any further payments. The B stock, however, is also cumulative and there are back dividends to be made up on this before the A stock can receive a higher rate than $4.

While the company has possibilities of future growth the stock looks high enough at 43, especially as only $1 a share was earned in 1921.

Postum Cereal

Postum Cereal has only recently been introduced to investors as heretofore it has largely been a family affair. Its well-known products "Postum Cereal," "Grape Nuts," "Post Toasties" and "Instant Postum" have been big money makers and more than $30,000,000 has been spent in advertising in keeping them before the public. Between 1902 and 1921 dividends in excess of $18,000,000 have been paid. Earnings on present capitalization were $7.90 a share in 1921.

Book value of the stocks is only $13 a share but company only carries good will and trade marks at $1. **At present price of 78 after an advance of 20 points, the stock must be regarded as in a speculative position and not particularly attractive compared with many other securities.**

Reynolds Spring

Reynolds Spring stock has had a remarkable advance this year. In March the stock was selling on the Detroit Curb around 10 and is now 48. This advance was largely based on a ten-year contract beginning March 1922 with the De Forest Radio Telephone & Telegraph Co. The contract calls for the delivery of $5,000,000 finished products by January 1, 1923. Estimates of profits on this contract run as high as $20 per share per annum on the stock. Of course on a contract such as this unforeseen difficulties may arise that might reduce profits. The company has just declared the payment of all back dividends on the second preferred stock. The common stock, however, must be regarded as a speculation but is not without possibilities.

Reynolds Tobacco

Reynolds Tobacco earnings in 1921 took a big jump foreward largely because of the great success of its best selling cigarette "Camel." The company is in very strong financial condition and has an able management. At present price of 46 the stock yields 6½%. **It can be regarded**

(*Continued on page* 313)

NEWCOMERS ON THE NEW YORK STOCK EXCHANGE

	Bonds	Capitalization Preferred	Capitalization Common	Dividend Pref.	Rate Com.	§Earned on Com. 1920	§Earned on Com. 1921	Working Capital	Price Range Common Since Listing High	Price Range Common Since Listing Low
Atlas Powder	$3,898,300	$9,000,000	$5,515,985	$6	$12	$16.22	$1.71	$9,360,322	138	120
Du Pont de Nemours	35,000,000	‡$71,259,950	$63,378,300	6	8	16.96	2.35	52,537,734	147	115
General Baking	4,419,700	*86,158 shs.	*138,578 shs.	8	8	2.70	10.00	3,545,360	123	102
Glidden Co.	3,237,200	$6,804,500	*322,955 shs.	..	..	def.	def.	4,342,312	18¼	13⅞
Int. Combustion Eng.	275,000	......	*176,916 shs.	..	2	2.79	3.50	1,241,751	28⅝	20⅛
Julius Kayser	4,153,900	*66,115 shs.	*115,700 shs.	8	..	†3.00	†def.	8,787,653	47½	34
Piggly Wiggly Stores	......	*200,000 shs. A	*37,000 shs. B	See Note ¶		...	♮1.00	1,807,959	♮49½	♮43
Postum Cereal	......	$6,500,000	*200,000 shs.	8	5	3.00	7.90	4,197,000	86	66½
Reynolds Spring	19,983	$832,300	*73,500 shs.	7	..	0.10	0.42	425,809	50¾	44½
R. J. Reynolds Tob.	1,700,000	$20,000,000	‡‡$60,000,000	7	3	3.87	6.19	74,874,069	48¼	43
Spicer Manufacturing	2,793,000	$3,000,000	*313,750 shs.	8	..	0.70	def.	3,708,000	24	17
Sterling Products	......	......	*502,735 shs.	..	2.50	3.70	4.50	5,634,286	52	45⅛
White Eagle	769,985	......	*294,042 shs.	..	2.00	2.58	2.59	972,281	29	25

* No par value. † Years ended August 31. For 7 months ended March 31, 1922, $10 a share was earned on common. ‡ $69,521,200 6% non-voting debenture stock and $1,738,750 6% voting debenture stock. § On present capitalization. ¶ Class A stock is entitled to $4 cumulative dividends. Back dividends amount to $7, last payment was $1 on June 1, 1922. Class A shares with class B in dividends after $4 has been paid on both. ♮ On class A shares. ‡‡ Par value $25; $50,000,000 class B and $10,000,000 common.

V. Vivaudou, Inc.

An Industrial Flapper

A Young Company, Just Coming Out of the Fledgling Class, With Unusual Possibilities

By ALFRED MAYS

FOR those to whom a pattern of Doric simplicity in life is an admirable thing, the products of V. Vivaudou, Inc., are not likely to meet with a great deal of approbation. However, this is a luxury-loving world, to which luxuries have become necessities, and companies engaged in the production of so-called luxuries are apt to find pretty sound foundation for the prosecution of their activities in the desire of the martyred millions to add something of the joy and grace of pleasure to their lives.

The manufacturers of perfumeries and accessory articles of personal adornment, for example, and Vivaudou ranks among the most prominent of these, have found the reason for their being in the generally advanced standards of living not only among people of means but even among the laboring classes. Not a shop-girl or stenographer, to mention some of those in the humbler walks of life, who does not require the constant use of the products which Vivaudou or his competitors manufacture. Even among men, a luxury-loving habit has developed in recent years. Shall we say—as a result of the war? And the use of talcum powder after shaving is not unknown. After all, it would be difficult to class Vivaudou in the luxury class. Different ages, different standards. What Vivaudou makes might have been considered something else than a necessity a few generations ago, but today—that is a different story.

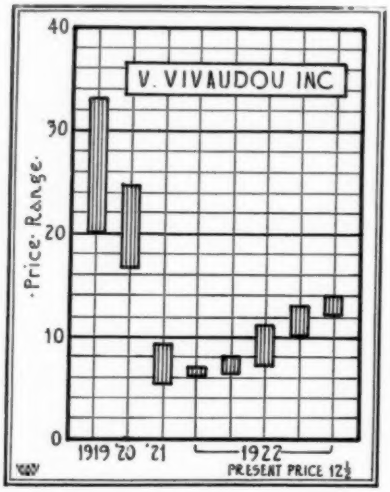
Nature of the Enterprise

As intimated above, V. Vivaudou, Inc., makes perfumes, toilet water, face powder and other toilet articles. It also makes a popular tooth-paste known euphoniously as Vivo-Mint.

The company is not an old one as companies go, which some may consider sufficient to warrant the odd title attached to this story. It was incorporated in August, 1919, to take over the business of a company of a similar name which had been incorporated November 1914. The new incorporation, unfortunately, started at just about a time when business conditions began to grow worse and when many companies much larger than Vivaudou in every conceivable branch of industrial endeavor were made to feel the effects of the depression.

Scaling Down Inventories

The untoward developments in general business took an unfortunate turn for Vivaudou particularly with regard to its inventory account which was found too



swollen to do the company any good. All through the period of 1921, the company found the going rather hard but it has an efficient management which understands its business and all efforts were made to eliminate the unfavorable factors in the situation.

One of the most important achievements of the management—and this is a good instance of how important a factor management is in corporation affairs —was to scale down inventories in a proportion to the company's business. In cold figures, it worked out about this way: on August 31, 1920, the company found itself with a comparatively huge inventory of $1,917,000 which was gradually cut down until at the beginning of the current year this item stood at $1,-200,000, a reduction of approximately 36%. The reduction in inventory took the form of a reduction in both quantity and price, and all losses, occasioned by the general decline which took place in the market, were fully absorbed. Therefore, at the beginning of this year, Vivaudou was in a position where it did not have to worry about its inventory account and where it was in a position to take advantage of the increasing flow of business.

Operating Expenses Cut

Further favorable developments took place. Thus operating expenses were cut down, labor rendered more efficient and in general the company placed on a sound, economical basis. The company is now in the fortunate position of benefiting from increasing sales while its expenses are being kept down to a minimum.

Under the circumstances, it is only natural that the company should be earning money. It is understood that a fair rate of earnings on the common stock is now being maintained, placed in some quarters as high as $2.00 per share annually.

Increase in Sales

Sales have increased materially since the beginning of the year and they are now being maintained on a very satisfactory basis. Retailers are coming into the market more freely and with the restoration of confidence in the general business situation, the outlook for Vivaudou appears as flourishing as at any time in its history.

This company has already demonstrated adequate earning power in proportion to its capitalization, as evidenced by the fact that it was able to pay dividends of 50 cents quarterly all through 1920 and made one payment of 25 cents a share in January 1921. No dividends have been paid since but with earnings increasing rapidly and financial position greatly improved, the restoration of dividends in due course of time would seem to be a logical outcome of the recent improvement in this company's affairs.

Financial Structure

The financial structure of this company is admirable in its simplicity. It has no funded debt or preferred stock and its capital issue consists of 300,000 shares of no par value stock, all outstanding. The company carries its stock on the books at a value of $30 a share. Exception to such a high figure relatively could be made on the ground of possible over-capitalization of trade-marks and good-will. However, in a company of this sort trade-marks play an important part and, considering the drawing power of these trade-marks as represented by the company's earnings, the over-capitalization, if such exists, is undoubtedly comparatively light. In any case, the stock has a liquidating value of approximately $8 a share as compared with a market of $11. The difference of $3 a share is certainly made up by the trade-mark value so that investment at these figures would seem to lead to very little risk, if any.

The stock is currently quoted at about 11 in comparison with a low price of about 6 and high of 14 this year. At current levels, it appears to be one of the most attractive speculative issues among the low-priced stocks and over a reasonable period should show a material appreciation in price.

California Packing Corporation

Company on Solid Basis

Financial Position Improved—Stock Out of Line With the General Market

By FREDERICK LEWIS

CALIFORNIA Packing stock at present price of about 75 is only up seven points from its low price this year, and in view of the very important upward move that the stock market has had this may be considered a very moderate advance. There would appear to be no good reason why this stock did not participate to a greater degree in the bull market as the company is in a very favorable position. It came through the inflation period which was particularly hard on companies dealing in food products, in remarkable style and was one of the few companies in this industry that succeeded in maintaining its regular dividends. While the dividend was not quite covered in 1921 the deficit was only $589,657, not sufficient to have any important effect on the financial strength of the company.

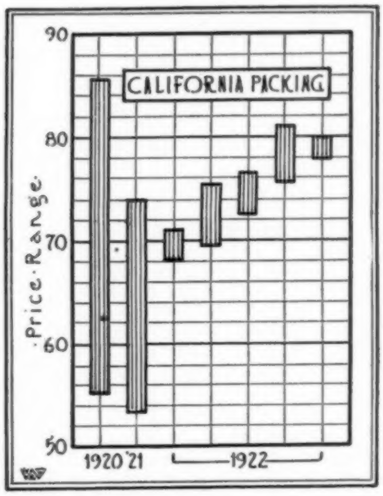
At the beginning of 1921 the outlook was very gloomy but many of the Eastern fruit crops were short, especially apples and peaches, and this caused a demand that saved the situation for the California packers. The drought that largely destroyed the fruit crops in Europe brought buyers for unexpectedly large quantities of California fruits in addition to the domestic demand.

Inventories Reduced

As a result of these conditions and a highly efficient selling organization the company was able to clear its shelves and ended the year with smaller inventories on hand than have been carried in several years. So far in the current year the volume of sales has been very satisfactory and promises to continue. In 1921 the company had large losses to absorb in depreciation in inventory and as no losses will have to be taken on this account in 1922 very satisfactory earnings are to be expected.

California Packing is decidedly a company with a bright future. That its growth since formation in 1916 has already been rather exceptional can be seen from a glance at the accompanying table which shows the increase in assets, working capital and earning-power. Working capital and value of properties have doubled in value. While the growth in the future may not continue at so great a pace it should be very substantial as the company is steadily increasing its capacity and selling fields. The company is now developing the largest peach ranch in California, which is expected to yield sufficient fruit to pack 1,000,000 cases from this ranch alone. Another ranch of approximately 4,000 acres has been planted to asparagus, and when this comes into full bearing is expected to yield sufficient raw material to pack an additional 1,000,000 cases. The asparagus product is a comparatively new one for the company and the management anticipates that it will add materially to earnings.

In view of the fact that the $6 dividend was maintained through so trying a period as 1921 the stock is now entitled to be regarded a very sure 6% payer with excellent chances of a higher return being given stockholders in the not very distant future. At present price of 75 the return is 7.1% and the purchaser therefore gets a very good income from his investment while waiting for appreciation in principal.



A stock that shows some interesting comparisons with California Packing is Corn Products Refining. This company is also paying 6% and in the past nine years has reported earnings averaging 10.71% on the common stock. It is also in strong financial condition and came through the period of depression in good style. This stock at present price of 101 is 26 points above California Packing and a careful study of the two companies would lead one to the belief that the latter should be able to show just as large earnings on its stock in the future as the former will be able to show

Conclusion

The capitalization of this company is very simple, their being no funded debt or preferred stock. All the earnings therefore go to the capital stock which accounts for its relatively high earning-power.

In the recent sharp decline in the market California Packing has held quite steady and sales were in light volume. This is an indication that there has been no important distribution to the public and that the stock is still in strong hands. In view of this and the improved outlook for the company an important decline in the stock would appear to be decidedly unlikely and the stock offers an excellent semi-speculative investment opportunity on any small recessions in price that may occur under present market conditions.

CALIFORNIA PACKING CORPORATION

CAPITALIZATION, 471,703 SHARES OF STOCK, NO PAR VALUE, NO BONDS—EARNINGS AND BOOK VALUE

	Years ended February 28						Y'rs ended Dec. 31 Price range of stock	
	Earned per share	Paid per share	Working capital	*Property account	*Book value of stock	Profit and loss surplus	High	Low
1917	$2.87	....	$5,274,544	$6,461,370	$37	$975,433	42¼	33¾
1918	15.95	$2.00	6,180,846	7,438,461	54	5,705,145	50	36½
1919	9.20	4.00	8,668,635	7,891,571	59	7,467,859	87½	48¼
1920	19.01	5.00	11,554,419	10,408,559	70	12,638,990	85½	55¼
1921	9.01	6.00	12,013,001	12,933,269	73	14,061,757	74	53⅝
1922	4.75	6.00	11,763,639	13,285,627	72	13,472,100	80⅞	68

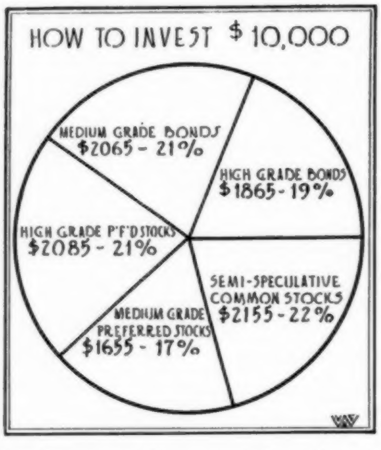
* No value placed on good will or trademarks. Book value based on present outstanding stock.

How to Invest $10,000

A List Mainly Devoted to High-Grade Securities but Where Speculative Possibilities Are Not Overlooked—Particularly Adapted to the Needs of Those Engaged in the Professions*

By A. T. MILLER

THIS discussion is confined almost exclusively to a study of the investment problems confronting professional men and women and others who on account of their daily activities are not in a position to keep in close touch with the market. The list enumerated in the accompanying table is not primarily a so-called list of business men's investments, for such a list would lay perhaps undue emphasis on the speculative side of investment. On the other hand, the securities enumerated are not suitable for the purpose of those who are mainly dependent on their income from their investments—so-called "widows' investments."



The aim has been rather to steer a middle course between these two requirements as it is assumed that professional men and women are in a position to take a slight speculative risk but that this risk should not be too great as the average income of the average professional man or woman is not sufficiently great to be able to make up a large speculative loss.

A business man's investment could contain more of the element of risk than an investment designed for the needs of professional people because the income of the former is more variable, and though it has its up and downs, in good years may be counted on to provide sufficient funds to provide a protection, in case anything should go wrong with the investments made. On the other hand, the average professional man or woman generally finds, after a certain period of practice, that his or her income does not vary much year in and year out, and a loss sustained in investments would be very difficult under ordinary circumstances to make up from such income. The professional man or woman therefore should be more conservative in investment than the business man, but not so conservative as to preclude all possibility of increasing the value of principal. More attention accordingly has been paid in this article to the investment feature of securities as such, though the opportunity to suggest profit-making possibilities has not been passed over.

An Attractive Return

The average yield of the combined securities mentioned in the table is 6.71%. Inasmuch as there is not a really speculative issue in the list, this must be considered an exceptionally attractive return. The actual outlay as represented is $9,820.

It will be noticed that the list is an extremely diversified one, taking into consideration not only the principal groups of securities but the principal industries within each group. Thus we have: (1) high-grade bonds to provide safety of principal; (2) medium-grade bonds to provide a reasonable amount of safety of principal as well as a fairly high yield and good chances for appreciation of principal; (3) high-grade preferred stocks which, while not of the very highest description are sufficiently sound to warrant investment without fear as to the ultimate outcome and at the same time offering a very desirable yield on the invested money; (4) medium-grade preferred stocks offering an exceptionally high income and which seem to be reasonably secure, giving at the same time a good opportunity for profits; and finally, (5) semi-speculative common stocks which rank among the best of their class, which return handsome yields and which eventually should sell at materially higher prices as based on the financial position, earning power and outlook for the respective companies.

Diversification

Thus we have diversification by groups. Analyzing further, we find that we have diversification by industries. Thus the following are all represented: railroads, public utilities and industrial. Among the latter there are: shipping, sugar, machinery, coal, tobacco, steel and automobile. Each one of the companies enumerated is considered one of the leaders in its class, has a long and successful record, is thoroughly seasoned, has good financial resources, adequate earning power and good prospects.

There is no opportunity here to enter

(*Continued on page 302*)

A $10,000 INVESTMENT

HIGH GRADE BONDS:	Denomination	Rate (%)	Price	Cost	Yield to Maturity (%)
Chesapeake & Ohio Gen. Mtg. 4½s	$1,000	4½	87	$870	5.20
Duquesne Light 6s	500	6	103	515	5.75
Montana Power 5s	500	5	96	480	5.25
				$1,865	5.40 Average
MEDIUM GRADE BONDS:					
Adams Express	500	4	76	$380	5.75
Brooklyn Union Gas	500	5	96	480	5.30
Pere Marquette 1st 5s	500	5	96	480	5.25
St. Louis-San Fran. Pr. Lien 4s	1,000	4	72	720	6.05
				$2,060	5.66 Average
HIGH GRADE PFD. STOCKS:	No. of shs.				Straight Yield
American Tobacco	5	6	103	$515	5.80
Bethlehem Steel 8%	5	8	113	565	7.08
J. Kayser 1st	5	8	105	525	7.61
Chicago, R. I. & Pac. 7%	5	7	98	480	7.14
				$2,085	6.90 Average
MED. GRADE PFD. STOCKS:					
Austin-Nichols	5	7	88	$440	7.84
American Ice Co.	5	6	82	410	7.32
Mack Truck 2d Pfd.	5	7	83	415	8.47
Manati Sugar	5	7	78	390	8.97
				$1,655	8.15 Average
SEMI-SPECULAT'E STOCKS:					
Atlantic Coast Line	5	7	103	$515	6.80
California Packing	5	6	78	390	8.00
General Cigar	5	6	76	380	8.00
Pittsburgh Coal	5	5	68	340	7.35
Worthington Pump	10	4	53	530	7.54
				$2,155	7.54 Average

Total Investment, $9,820. Average Yield on Investment, 6.73%.

* *This is the third of a series of articles dealing with current investment problems in relation to the stock market. The first and second of this series appeared in the May 13 and May 27 issues, respectively.*

Inquiries on Industrial Securities

Inquiries on Other Securities Will Be Found in Their Respective Departments

UNITED STATES RUBBER

What is your opinion of the possibilities in United States Rubber common stock? I have 200 shares of which 100 was purchased in 1920 at about 90 and the other hundred was picked up in odd lots last year at an average price of about 52. At present price of 65 I am still out several points in addition to interest. I believe that this stock will come back some day but have been thinking that I might have a better chance in some other security. What do you think?—O. M. B., Columbus, Ohio.

United States Rubber had to take very heavy inventory losses when deflation set in and in 1921 had a deficit, including amount charged off for inventory loss, of $16,585,907. These losses together with money spent for new construction, etc., has reduced the working capital from $126,327,278, where it stood Dec. 31, 1919, to $83,723,718 as of Dec. 31, 1921. As a result of this reduction in working capital the company had notes and loans payable of $36,210,000 at the end of last year. Loans have been reduced somewhat since the first of the year but are still heavy. Operations, however, continue satisfactory. We understand it is the company's intention to gradually reduce the floating debt by liquidation of inventories instead of resorting to new financing.

Competition is still very keen among tire manufacturers and a new low-priced tire brought out by Goodyear has rather worried the trade. Profits of United States Rubber are expected to be fair this year but nothing unusual, and in view of the floating debt dividend policy is bound to be conservative. We are inclined to agree with your views that while the stock may ultimately do much better more attractive possibilities exist elsewhere. Suggest a switch, therefore, into 100 shares of Chicago Pneumatic Tool selling at 68 and paying $4. Working capital of this company alone is equal to $66 a share and there are no bonds or preferred stock. Suggest switch of 100 shares into Market Street Railway prior preferred selling at 62 and paying $6. It is earning this dividend with a good margin to spare.

JULIUS KAYSER

Earnings Favorable

I would like to inquire about Julius Kayser new stock. It looks good on reputation alone.—L. N. E., Portland, Me.

For the seven months ended March 31, 1922, the Julius Kayser Co. showed a surplus of $877,720 equivalent to $10.47 a share on the new common no par stock, of which there are 115,700 shares outstanding. Senior to this are $4,000,000 of first mortgage, 20 year 7% sinking fund bonds, due in 1942 and 66,115 shares of no par preferred stock, on which the dividend rate is $8 per annum. In view of the position of the company in its field and the earning power it has shown, we are of the opinion that the stock has elements of speculative possibilities and, with the better business conditions which it is anticipated will exist in the silk industry, we are of the belief that the shares are a good speculation.

PENN SEABOARD STEEL

Has Speculative Possibilities

Would like you to favor me with a report on Penn Seaboard Steel.—G. L. J., Monessen, Pa.

Penn Seaboard Steel has outstanding a funded debt of $5,283,7575 and 347,845 shares of common stock of no par value. Its operations for 1921 resulted in a deficit of $767,877 but this was a year of very adverse conditions in its line and cannot be taken as a criterion of what the company will do this year. Its balance sheet as of Dec. 31, 1921 showed a working capital of around $1,000,000. The company has close affiliations with the automobile industry and the great activity therein will undoubtedly result in benefit to the Penn Seaboard Steel Co. It is reported that the company has just acquired the Carpenter Steel Company. While the stock is speculative, it would seem attractive for a long pull at present price of 10.

AMERICAN LINSEED OIL

Outlook Improved

Would thank you to give me a little information regarding American Linseed Oil and opinion of stock.—M. J., Louisville, Ky.

American Linseed Oil Co. has outstanding $16,750,000, 7% non-cumulative preferred and a like amount of common stock. At present dividends are not paid on either of these issues. Operations for the year ended Dec. 31, 1921, resulted in a deficit of $5,322,782 after inventory deduction and preferred and common stock payments. The operating deficit amounted to $1,043,132. For the 15 months ended Dec. 31, 1920, earnings amounted to $328,984, after payment of 7% on the preferred and 3% on the common during 1920. We are inclined to believe that the stock around present levels possesses speculative possibilities owing to the undoubted demand which will result for its product with more favorable business conditions in its line promising at this time.

DIAMOND MATCH

A Consistent Earner

Last year I purchased 100 shares of Diamond Match Co. stock at 101. As it is now selling around 118 I would appreciate your advice as to desirability of holding the stock for higher prices or taking my profits. Would also like some information in regard to the company's affairs.—R. C. R., Kankakee, Ill.

Diamond Match Company is the dominant factor in the match-making industry in this country and has shown a good earning power over a long period of years. In 1921 9.85%

THAT 8% RETURN

Subscriber Wants to Know if He Can Still Get 8% On His Money Without Assuming Too Great a Degree of Risk

Your kind advice will be appreciated on the following question: Is it still possible to obtain an 8% return on your money in securities that are sufficiently sound so that no undue risk would be taken? I am fully aware, of course, that very high-grade securities can not be obtained on any such basis, but I mean preferred stocks or bonds that you would consider a good business man's risk. I have $6,000 to invest.
F. T. W., Wilmington, Del.

In order to obtain a yield of 8% at the present time in bonds and preferred stocks great discrimination must be used in selecting the securities as nearly all the higher grade issues are on a basis to yield a much lower return. However, we believe that the opportunity exists to obtain this yield in certain securities of companies that are showing so much improvement in earnings that they can be at least regarded as a good business man's investment. We are pleased to submit the following list:

	Dividend or interest	Price	Yield	Maturity
Manati Sugar preferred......	7%	80	8.75%	....
Mack Truck 2nd preferred...	7	83	8.43	....
Famous Players preferred....	8	95	8.42	....
Sinclair Consolidated 1st Lien	7	99	7.10	1937
Empire Gas & Fuel 1st Mtge..	7½	98½	7.65	1937
Ajax Rubber 1st Mtge.......	8	103	7.55	1936

The average yield of the above six securities at the price indicated is almost exactly 8%. Suggest that you divide your $6,000 among all six.

Manati Sugar is one of the low-cost producers, and in view of the general improvement in the sugar situation the preferred stock should work into a stronger investment position in the near future. The preferred issue is $3,500,000 and is followed by common stock with a present market value of $4,800,000.

Working capital of Mack Truck alone is in excess of the preferred stocks outstanding and earnings at present are running at rate of $10 a share on common after allowing for preferred dividends.

Sinclair bonds are high grade as they are practically a first mortgage on property valued at five times the bond issue.

Average earnings of Empire Gas & Fuel past four years have been over four times bond interest.

Working capital of Ajax Rubber is in excess of bond issue and earnings this year are estimated at $2,000,000 as against bond issue of only $3,000,000.

Famous Players earned 19% on the common in 1921 and earnings are holding up well this year.

was earned on the stock; in 1920, 12.65%; in 1919, 12.81% and in 1918, 10.99%. Working capital is $13,250,000 which is very large in view of the fact that the total capitalization of the company is only $7,000,000 bonds and $16,965,000 stock, par $100.

Match production capacity in the United States is estimated to be about double the consumptive demand and American matchmakers have very severe competition to meet at the present time from the foreign manufacturers. Diamond Match Company has met this situation by greatly reducing output of strike-on-box, the foreign type of match and handling the output of the Swedish match company for this type of match in the American market. It has made an agreement with this company that should assure good profits. While under present conditions in this industry Diamond Match cannot look forward to very large earnings it should have no trouble in earning its present dividend of 8% which it succeeded in doing in 1921 under conditions more unfavorable than obtain at present. We regard the stock as a good business man's investment and believe that you should hold it for somewhat higher prices.

NATIONAL ENAMELING and STAMPING

Stock Unattractive

Please let me have your views on speculative possibilities, book value and likelihood of resumption of dividends on National Enameling & Stamping Co. stock.—A. W. W., Baltimore, Md.

For the year 1921, National Enameling and Stamping Company showed a deficit after dividends of $2,894,123. Its balance sheet at the end of the year showed a working capital of $6,535,705. Heretofore the company has been conservative in its dividend policy but it faces com-

(*Continued on page 296*)

Industrial ***Oil*** ***Mining***

Investors' Indicator

Current Earnings—Dividends—Working Capital

Industrials—	Dollars Earned Per Share in 1921					1922	Present	Recent	Yield on Recent	Remarks
	First Quar.	Second Quar.	Third Quar.	Six Months	Twelve Months	First Quar.	Dividend Rate	Price	Price (%)	
Allis-Chalmers	1.89	1.34	0.51	....	4.07	def.	4	47	8.5	Working capital, $24,000,000. Deficit after pfd., 1st quarter, 1922, $10,027.
Air Reduction	0.72	1.20	....	....	4.11	1.25	4	53	7.5	Working capital, $3,240,000.
Amer. La France Fire E.	0.50	0.46	....	....	1.45	0.55	1	12	8.3	Working capital, $2,406,755.
Amer. Druggists' Syndicate	....	....	....	def.	def.	....	....	6	...	1921 deficit, $883,568.
Amer. Hide & Leather pfd.	def.	2.00	1.60	....	def.	def.	....	68	...	1921 deficit, $550,257. Deficit 1st quarter, 1922, $23,230.
Amer. Locomotive com.	....	....	....	12.10	*13.34	....	6	110	5.5	Working capital, about $42,000,000.
Baldwin Locomotive	....	....	....	....	18.22	....	7	110	6.4	Working capital, $41,790,000.
Butterick Co.	....	....	....	3.99	*5.23	....	....	24	...	Working capital, $3,000,000.
Central Leather	def.	def.	def.	def.	def.	def.	....	37	...	1921 deficit, $11,651,425. Deficit, 1st quarter, 1922, $230,217.
Coca Cola	0.90	1.90	2.20	....	*3.29	1.58	4	63	6.5	Now operating on low priced sugar.
Colorado Fuel & Iron	1.59	def.	def.	....	def.	def.	....	30	...	1921 deficit, $2,731,172; 1st quarter, 1922 deficit, $431,269.
Consolidated Textile	....	....	....	def.	def.	....	....	12	...	Six months' deficit, $673,777; 12 months' deficit $757,058.
Corn Products com.	1.70	1.88	3.96	....	9.21	3.47	6	101	5.9	Working capital, about $35,000,000.
Endicott Johnson	....	....	....	4.29	10.79	....	5	80	6.2	Working capital, $19,000,000.
Famous Players	6.42	6.60	4.42	....	19.01	4.95	8	78	10.2	Working capital, $10,800,000.
General Motors	....	....	....	0.31	def.	....	....	14	...	Deficit for 1921, $38,680,770, after deducting $44,465,552 inventory loss and special reserves.
Gulf States Steel	def.	....	....	....	def.	0.40	....	71	...	12 months' deficit, $731,915.
Mack Truck com.	def.	0.89	def.	....	def.	def.	....	52	...	12 months' deficit, after preferred dividend ends, $1,009,686; 1st quarter, 1922, earned $1.20 on 2nd pfd.
Lackawanna Steel	0.01	def.	def.	def.	def.	def.	....	71	...	12 months' deficit, $3,384,877. Deficit 1st quarter, 1922, $479,972.
Lee Rubber & Tire	....	....	....	....	0.06	0.92	2	30	6.6	Working capital, $3,170,521.
Pierce Arrow pfd.	def.	def.	def.	def.	*def.	def.	....	38	...	12 months' deficit, $8,963,712. Deficit 1st quarter, 1922, $25,226.
Republic Iron & Steel com.	def.	def.	def.	def.	def.	def.	....	68	...	12 months' deficit, $7,415,000. Deficit 1st quarter, 1922, $712,082.
Stewart-Warner	....	....	....	....	2.19	0.95	3	42	7.1	Working capital, $6,000,000.
Stromberg Carburetor	....	....	....	0.68	1.08	0.32	....	47	...	Working capital, $1,000,000.
Studebaker com.	3.23	6.83	5.15	....	16.10	6.49	7	121	5.7	Working capital, $30,000,000.
U. S. Steel com.	1.80	0.35	def.	....	2.24	def.	5	97	5.2	Working capital over $500,000,000. Deficit 1st quarter, 1922, $395,687.
Vanadium	....	....	....	def.	def.	....	....	44	...	12 months 'deficit, $427,546.
Oils—										
Caddo Central	....	....	....	def.	def.	....	....	12	...	12 months' deficit, $553,246.
California Petroleum	3.72	4.07	1.63	....	11.45	2.64	....	59	...	Working capital, $2,650,000.
Cosden & Co.	....	....	....	2.71	*0.17	....	2.50	47	5.3	Increase price of gasoline very favorable.
General Asphalt	....	....	....	def.	def.	def.	....	58	...	12 months' deficit after preferred dividends, $1,115,372.
Houston Oil	3.00	0.89	0.90	....	‡0.4	2.16	....	73	...	Working capital, $4,350,000.
Mexican Petroleum	....	....	....	17.50	....	....	12	135	9.0	Net current assets, $14,000,000.
Middle States Oil	....	....	....	2.06	4.15	....	1.20	14	8.6	Earnings before depreciation or depletion.
Pacific Oil	1.43	1.42	0.94	....	4.64	0.80	3	58	5.2	Earnings after depreciation.
Pan-American A	....	....	....	6.07	....	....	6	66	9.1	Owns 70.5% of Mex. Pet. com. and 75.2% pref.
Pierce Oil com.	....	....	....	def.	def.	....	....	8	...	12 months' deficit after preferred dividends, $6,135,659.
Sinclair Consol.	....	....	....	0.60	def.	....	2.00	33	6.0	Net current assets, $50,000,000. 12 months' deficit after depreciation, $6,908,000.
White Oil	....	....	....	0.37	def.	....	....	9	...	12 months' deficit, $2,543,026 after deducting $2,746,447, depletion, depreciation, etc.
Mining—										
American Smelting com.	....	....	....	def.	def.	....	....	58	...	Six months' deficit, $3,203,966; 12 months' deficit, $2,576,135.
American Zinc pfd.	def.	def.	def.	def.	def.	0.50	....	43	...	12 months' deficit, $260,101.
Chino	....	....	....	def.	def.	....	....	28	...	12 months' deficit, $1,314,204.
International Nickel	def.	def.	def.	....	....	....	....	16	...	Nine months' deficit, $1,042,745.
Nevada Consolidated	def.	def.	....	def.	def.	....	....	17	...	12 months' deficit $1,633,164.
Ray Consolidated	def.	def.	....	def.	def.	....	....	17	...	12 months' deficit, $1,598,318.
Utah Copper	def.	def.	....	def.	def.	....	2	63	3.2	12 months' deficit, $2,058,109.

† Dividend rate given covers regular declared dividends on yearly basis. Extra or stock dividends are indicated in foot notes.
* After depreciation, taxes and inventory adjustments, etc.
‡ After deducting $1,034,542 for depletion of oil lands and not including payments made by Kirby Lumber Co., which in 1920 were $1,171,875, equal to 4.5% on common.

Building Your Future Income

Your Best Friend

¶ I am the United States Government Bond.

¶ I am made of a common mixture of wood pulp and silk, with a little fine printing over my face; but my value is no more to be determined by the stuff I am made of than is man's value determinable by the clay from which he springs.

¶ In all the long history of this great country, I have played an active and honorable part.

¶ Thus, the devastation wrought by Civil War was ameliorated by my influence.

¶ When the Panama Canal was to be built, and it became a question of how the money was to be raised, I came to life as the famous "Panama 3s" and raised the money.

¶ As the Gold 2s of 1900, I help secure the circulation of Federal Reserve Banks and National Banks.

¶ As a Liberty Bond, I won the war.

¶ As a Victory Bond, I financed reconstruction.

¶ Through my influence, America's supremacy in world commerce and world finance has been established, definitely and permanently.

¶ For all the great things I have done, I am still willing and ready to work for you, for the humblest among you, and work as long as I live; indeed, I will pay you a certain stipulated sum each year, for the privilege of working for you.

¶ To be sure, my day-to-day value changes in the great security markets where they trade in me; but my ultimate value is certain and sure. When my last day comes, I will be worth NO LESS than the value printed on my face. You may be sure of that!

¶ The banks are glad to accept me, at all times, as security for a loan. You may buy me, borrow on me, and buy again.

¶ If you be cautious, sagacious and conservative, I can make you rich.

¶ I represent the sweat of the farm-hand laboring in the field, the toil and grim . of the miner burrowing far below the surface of the earth, the long, weary hours of the banker at his desk, of the business man in his office and the salesman on his route.

¶ I know no master save the common good. I am working constantly for a greater, stronger, wealthier and happier nation. My predecessors have never known repudiation; nor shall I ever know repudiation.

¶ I am the American citizen's best friend.

¶ I am the United States Government Bond.

Saving the Old Farm

The Modern Way of Forestalling the Cruel Mortgage Holder

By FLORENCE PROVOST CLARENDON

A "CLOSE-UP" of the villain is flashed on the cinema screen. He is faultlessly clad in riding-clothes, and he carelessly switches the blossoms from the apple tree with his crop, as he leans over the picket fence of the old farm. His keen cruel features register a fleeting smile of cynicism,—for he knows that the audience to the last "fan" is against him. He holds a mortgage on the old farm and he threatens foreclosure.

The fragile old woman whose husband has left to her the old farm, neatly surrounded by mortgages, is apparently incapable of doing anything to avert the villain's machinations. Whenever she gets into the picture her one cue is to weep on the shoulder of her fair young daughter.

The villain, running true to type, is inexorable in his demands for payment. When Sister Sue's girlish face, framed in gingham sunbonnet, emerges from the depths of a black background (photographic retouching having softened Sue's features to insipidity) the audience leaps to the situation:—despite her love for the simple country lad who lives nearby, the crafty villain will claim her as his bride—OR FORECLOSE THE MORTGAGE ON THE OLD FARM! Probably his villainy will extend to seizing both Sue and the farm.

We all know, however, that come what may beauty and goodness must eventually triumph in the movies.

The FINALE in real life is not always rounded out in so felicitous a manner. The high lights do not so quickly reveal the villain, and innocence with appealing ignorance often suffers.

The spectre of "the mortgage on the old farm" has furnished the theme for many a "sob story" and supplied the scenario for countless moving pictures. The element of tragedy in the mortgaged home which has caused the thought to be used over and over again in story and drama lies in the possibility that death or other disaster will cause the mortgage to be foreclosed, and the widow and children thus left without a home.

ACCORDING to a statement issued by the Department of Commerce through the Bureau of the Census, 54% of the homes in the United States in 1920 were rented; 28% were owned by their occupants and were free from encumbrances; and 17.5% were owned by their occupants *but were mortgaged.* The proportion which the mortgaged homes formed of the total number of homes increased from 14.5% in 1900 to 15% in 1910 and to 17.5% in 1920. How many of these mortgaged homes will eventually be cleared?

The frequency with which the foreclosure of the farm mortgage enters into the plot of the drama emphasizes the familiarity of the situation in real life. The modern agriculturist, however, would not be proud of the dilapidated farm in a state of picturesque decay which is so often pictured on the cinema screen. The man whom we were wont to pity in other days because of his hard work, long hours, and comparatively slight return from the soil, is now enabled through scientific methods and the use of up-to-date agricultural implements to materially increase his financial standing, and to broaden his intercourse with the outside world. Rare indeed is the active farmer of to-day who does not run his motor-car for pleasure, as well as his motor-truck for business.

Nevertheless, the farmer's capital is to a great extent tied up in the future of his crops. As he progresses he naturally widens his field of work. He buys more farm land, pays down what he can, and if need be mortgages the balance. This is where the opportunity for the "sob story" opens, unless due diligence is exercised to meet both interest payments and mortgage when due.

Assume a Mortgage of $5,000

Let us assume that the farm is mortgaged for $5,000, and its owner expects to pay off the indebtedness by a series of payments at fixed intervals, along the line of the general plans laid down by the Federal Farm Loans. Such payments are made out of profits from his crops, and it is obvious that in order to carry out his purpose the farmer must live long enough to earn the necessary profits for the periodic payments. If he dies, leaving a wife and young children, after but a few payments have been made, there is an even chance that the family troubles will be increased by the foreclosure of the mortgage on the farm.

Life insurance is the only stop-gap in such a contingency. No one can tell when such money may be needed, but when that need arises, the money is there, for the proceeds of a life insurance policy carried to cover the mortgage immediately become available on the death of the farmer whose life is insured.

A man of thirty or thirty-five years of age can cover the mortgage on his home at an annual outlay of less than two per cent of the amount of the indebtedness, if he invests in an Ordinary Life policy on the non-participating plan. If the insurance is taken through a company which apportions annual dividends to its policyholders, the premium rate for the first year is somewhat higher, but the dividend reductions in such case practically equalize the premiums with those of the non-participating policy. Moreover, the dividends may either be taken in reduction of the annual premium, or they may be accumulated with the company at interest and thus form an additional savings fund for the future.

The Cost of Protection

A mortgage in the sum of $5,000 must involve an annual payment of interest of $300 or more—sometimes and in some states as much as $400 a year. An additional $100 a year to cancel the mortgage at death, and to build up a savings fund in any case, means only a very little self-sacrifice, and is in the direction of true thrift. At age thirty, the extra payment need only be about $85. This is on the basis of an Ordinary Life policy on the non-participating plan. If death should occur when the mortgage has been partially cleared, the balance remaining unpaid can be met by the covering policy, the remainder of the proceeds of the insurance forming a maintenance fund for the family during the period of readjustment.

A TIP TO HOME BUILDERS

Mrs. Clarendon's suggestion for protecting the "old farm" has an equally good application to the needs of home-builders of all sorts. Read the article over; then, if you have difficulty in applying it to your own problem, write in to us.

Another contingency which the farmer has to face is the possibility of his becoming totally and permanently disabled during the productive period of his life, and thus rendered incapable of pursuing a gainful occupation. This possibility, however, may be prepared for by the inclusion of the Disability provision in his life insurance policy. In event of his total disablement, the Disability Benefit guarantees that his premiums will thereafter be waived, and the insured will receive a monthly income during his incapacity of one per cent of the face of his policy. Thus the man who carries a policy for $5,000 containing the Disability Benefit will receive during total and permanent disability a monthly income of $50. Moreover, the premiums will cease and *the full amount of his policy* will be payable to his beneficiary in event of his death.

A Case in Point

The case was cited recently by a large life insurance company of a policyholder who carried three $5,000 policies on his life as coverage to meet the mortgage of $15,000 on his farm of 320 acres. At the same time the farmer *insured his insurance* by the inclusion of the Disability Benefits. The man was an industrious farmer and stockman, thirty-eight years old, and vigorous of physique. Less than two months after his policies were issued to him the farmer was using a small circular saw driven by a gas engine. Noticing that his sleeves were unbuttoned, he fastened the left sleeve, and then reached over to button the right, when in some way the left touched and caught upon the teeth of the saw. Both hands were drawn downward in a crossed position and before he could pull them away both were entirely severed about two inches above his wrists. While the man's life was saved, his means of livelihood was gone. Within a month his completed papers claiming total disability were filed and approved, and his first monthly check for $150 under the Disability clause in his policies was mailed to him. All future premiums were waived, he continues to receive annual dividends, and retains cash, loan, and surrender options under his policies.

Prudence and practical common sense suggest that the man who carries a mortgage on his farm should protect his home and family by investing in life insurance coverage to meet the indebtedness in event of his death, and to help maintain him in event of his inability to pursue a gainful occupation on account of total and permanent disablement during the productive period of his life.

My First Thousand Dollars

How I Acquired Them

By "F. C. W"

ALL the people I know belong in one of two classes: those who save and those who don't. Some of the savers haven't yet commenced to function as such, but some day they will; they can't help themselves: once the saving bacillus gets into the system it will out, no matter how slow the process of incubation may be.

A Saver at Six

The "bug" got into my system when I was six years old. My father, once in fair circumstances, had been cleaned out in the panic of 1893 and died shortly after. My mother had never acquired financial wisdom, and the creditors got all but a small insurance policy. My mother thereupon undertook to take boarders—who ate up most of the profits. My sister, with a classical education half finished, turned stenographer, and my brother, about to enter a conservatory of music, got a job in an orchestra instead. Between them they put me in school and kept me there.

A kid the age I was then is impressionable. I could realize the change in circumstances and thought it a shame that my mother and sister should be brought to such a pass. **Then and there I resolved that never would my own family fall into the predicament that had come upon my father's family.** That resolution was vague and indefinite, and the beginning of accumulation was long deferred; but "the bug had bit," and after years of real or fancied inability to save and years more of sheer procrastination, the bug would not be denied longer and my first savings account came into being.

How the Impetus Was Supplied

This was in midsummer, 1915. I was inspector on a job where a number of Italians were employed. One day one of them confided that he had four hundred dollars invested in a business in San Francisco. **To think that that "Wop" was a small capitalist while I, with a fancy education and a white collar job, hadn't even savings bank interest coming in, was too much for me. That very noon I acted, though the action was on an almost childish scale.** I deposited a dollar and asked for a toy bank to put dimes in. Having very little spare cash, all I aimed to do immediately was to make a beginning while the mood was upon me. I knew I could save dimes, and in time the bigger denominations would follow.

Have you saved your first thousand dollars?
Have you started to save it?
Do you know how you are going to save it?
Here is an article showing how one man managed it. It was submitted in our recent prize contest.
We publish the article because it is interesting and because we believe it will be helpful to you.

In a way, that wasn't the absolute beginning. Three years earlier, at the time of leaving college, the vague idea of accumulating a stake was in mind, as it had been since early childhood. But the life of an engineer is nomadic, and there are spells of unemployment; so the first need after paying some three hundred dollars of college debts was to build a "roadstake." That was started without delay, and by the time I met my Italian friend the debts were paid and the "roadstake" was about two hundred and fifty dollars.

The Value of a "Roadstake"

"That "roadstake" idea, by the way, is fundamental in my financial scheme. It is a reservoir to draw upon for personal needs in times of stress. It acts as a buffer and guarantees that money once committed to savings, "capital," as I call it, will not have to be withdrawn.

But while I had gotten together a little "roadstake" by the year of the fair, that dollar deposit and the resolution to save dimes marked the real getting-down-to-business beginning. Two hundred and fifty dollars was enough "roadstake" for the time. I planned that it should expand ultimately to the amount of a year's pay, fluctuating before and after reaching that level with the ups and downs of life, according to necessity. But "capital" is a wholly different matter. I've no idea what it will ultimately amount to, but trust it will save me from selling shoe strings and leadpencils on a street corner of my home town. I think it will be enough to live on, and maybe live quite well.

I like to set successive objectives. The first was one hundred dollars; then a dollar for each day in the year; then a thousand dollar stake; then two thousand. Now my ambition is to make it five thousand—after which the sights will have to be raised again. **It's discouraging to wait a lifetime to reach a goal. This way, there is a constant feeling of success, intensifying as each objective is passed.**

The Dimes Start Growing

Those dimes grew fast and soon amounted to five dollars. Of course, the dime saving was only a starter. I wanted the saving to be not too painful, for fear it might not last. I figured living expenses always could be kept within the limits of salary with a little margin, dimes to begin with, later on more, and whatever windfalls might come along in addition to the regular pay would all go to capital. I didn't know just what these windfalls would be, but felt there would be some, and sure enough there were.

One payday soon after, I emptied all the silver remaining in my pocket and added it to the dimes. This plan was repeated on following paydays for a

time. Then, too, every month it was necessary to run an expense account covering small emergency purchases; this my employer would refund, and as the money had been extracted in small driblets and painlessly I added it also to "capital."

By such means the fund had grown from its humble beginning to one hundred dollars. All this time I was sending money home and for years had told myself it was wholly impracticable to save, yet already the first hundred was securely planted and bringing in interest. This had taken seven months.

Storms That Broke

But all was not plain sailing. Out of a clear sky a retrenchment policy hit the work and my job played out. For six weeks I was on nobody's payroll. Rather than do nothing while waiting for a new job I took a flyer in the life insurance game and surprised myself by writing five or six small policies; but the commissions were slow, and when they finally came in I was at work again and didn't need them, thanks to the faithful roadstake which had tided over the emergency, so they, too, went to "capital."

The new work involved frequent trips to other cities and into the country, on which all expenses were refunded. As I enjoy travel immensely and would have been out almost as much money had I remained in town, I reckoned these trips as pleasure trips and the expense accounts as velvet, which accordingly joined the constantly growing capital.

My embarkation on the sea of matrimony in the summer of 1917 was somewhat of a blow to the saving program, but while "roadstake" suffered sorely "capital" remained intact. Just as the family budget had been forced to a rational level my orders came—I was a reserve lieutenant—so I went into khaki and my wife went to work.

The Place For Velvet

My military career started with a trip across the continent to a Virginia training camp—on a mileage basis. It was a fine trip, and one I long had wanted, never having been east of the Sierras before; so this mileage I could not but regard as velvet, and it went where all my velvet goes. Next fall on the western front there was plenty of grime and cooties and excitement, but almost no expense. It was hard to send remittances, beyond the allotment previously arranged for the folks at home, so the pay checks accumulated and necessarily remained in "roadstake." **But in the back of my head was an earnest resolve that my thirtieth birthday would find me with not less than one thousand dollars out at interest; so by a special effort as that day approached, and with the aid of a Y. M. C. A. worker, the francs were changed into dollars and started on their seven-thousand-mile journey to the Pacific.**

. . . .

Perhaps I should stop here, for this story is supposed only to tell about the accumulation of the first thousand. But I can't stop without stating my fervid conviction that the motive and the system are a lot more important than the fact that a thousand dollars had been saved on a certain date. **A thousand isn't much. It might have been the result of an accident, like the death of a relative or a lucky poker game. But it's that psychological foundation, that determination to save, inoculated into me by the distress in my family following that early reverse when I was so small that made me a saver; and it was the chagrin over being surpassed by that day laborer that brought it to a head and actually started me off.**

My system of saving was devised to meet a peculiar case—that of a man who fancies he cannot save because of heavier-than-average family responsibilities, and yet who is determined to save. My first thousand has doubled already. Saving has become second nature. I manage to discover a little "velvet" every now and then to add to "capital," and interest and dividends are coming in and increasing in amount.

There must be lots of people like me who want to save but feel they can't. Perhaps they believe the amount they could save wouldn't be enough to be worth while. They're fooling themselves, cheating themselves. Let them cut out smoking or the movies for a month and put the price in a bank. That beginning would not be smaller than mine with many dimes; and if they claim that is insignificant I doubt if they would say my two thousand is insignificant, or the habit of saving formed during the process of accumulation.

If a man doesn't make a start he'll never have anything. An absurdly small start is better than no start and it is astonishing where it may lead to. A man who is self-supporting can save, saving leads to independence, and if independence isn't the **one** goal at least it is one of **the** goals we all want to attain. The system I have described has given me a good start on the upgrade. I am satisfied it would do the same for some of the other potential savers who have not yet actually gotten under way.

What Shall I Read?

By THE LIBRARIAN

From a painting by Baron Axel Klinkowström, 1824. *Engraved by Akrell.*

BROADWAY AND THE CITY HALL IN 1819
When Pigs Roamed Broadway. The Third Building from the Corner of Vesey Street (on the Left) was then the Residence of John Jacob Astor

ONE of the most interesting of the new books, from the standpoint of old investors as well as new is "A Century of Banking" by Henry Wysham Lanier, and published by the George H. Doran Company. We understand the book was undertaken as a souvenir edition, commemorating the record of our oldest trust company; and expanded into its present proportions when an unexpected wealth of material had been assembled.

The book, described by the publishers as "the romantic story of New York's banking and financial life, from the days of the yellow-fever epidemic in 1822, down to the present day" deserves more said about it, in the opinion of this librarian. Its author has caught the surging spirit of America's financial growth, sees below the statistical records and into the human side of our banking experiences, and has produced a "history" that moves swiftly and vigorously.

"A Century of Banking" is richly bound, unusually well printed and is decorated with a score of rare prints, among them the one shown above. It may be bought direct from the publishers, or through this magazine.

Smith, an everyday young man, started out a while ago in search of fortune via the stock market route. The actual story of his experiences—how he lost in the beginning, what the experiences taught him, how he learned to discriminate between good and bad investments, and how he finally won his objective—forms an intensely interesting narrative, and one that will be found of practical value to every investor. The story, which starts on this page, will continue in later issues.

How Smith Became an Investor

By RALPH RUSHMORE

A WHILE ago, a new investor, whom we may call Smith, dropped into the office of a friend of his—a financial man—and asked for advice.

Smith explained that he had received a dividend check from a certain oil development company organized and said to be operating in the State of Texas. The check was styled a "monthly dividend" and was for 2% of the par value of the stock.

"They're paying me at the rate of 24% a year," exclaimed Smith. "Think of that! Why, I couldn't equal that anywhere else to-day!"

The financial man—let's call him Brown—repressed a smile.

"Well," he said, "you've bought the stock; you've received your first dividend at the rate of 2% a month; and you're entirely satisfied, apparently, with the investment you have made. What do you want from me?"

"I want you to investigate the company for me," said Smith, "and find out whether there's any reason why I shouldn't buy a lot more of the stock."

Brown tossed a pencil onto his desk, wheeled his chair about, and faced his friend.

"Listen, Smith," he said, "Suppose I do make an investigation, and after that, suppose I make a direct recommendation to you not only not buy any more stock, but to get rid of the stock you now have. Will you follow my advice, irrespective of your own conclusions?"

"Well—er, I don't exactly see why—" mumbled Smith.

"I'll tell you why," said Brown. "You couldn't afford to pay me enough to make up for the time and trouble it would cost me to investigate this company. Therefore there'd be no monetary incentive for my doing so. Without a monetary incentive, I've got to have some other equally good reason before I'd feel it worth while to go ahead. The only other incentive would be the knowledge that, if I found the company to be a fake, as most of these small oil promotions are, I could be sure that you'd act on my findings and get out of it. In that case, I'd at least be saving you."

After much verbal wriggling and squirming, Smith agreed to his friends terms.

The investigation was immediately begun. It developed the following facts:

(1) The oil company had been organized a scant two months before the first dividend was paid.

(2) Its operations consisted of buying up small properties that other companies were forced to sell, due to the oil crash of 1921, and working those properties (so the literature read).

(3) It had, according to a credit agency's copy of its statement, some $12,000 in cash on hand, two leaseholds and miscellaneous machinery and real property against a stated capitalization of $150,000.

(4) No income account had been published, nor could one be obtained.

(5) The name of a certain Southwestern bank cashier was used in the company's literature, apparently as endorsing its financial soundness, but, according to the credit agency, the cashier denied having directly consented to the use of his name; and, furthermore, the real purport of his (the cashier's) remarks, irrespective of how they might have been turned and twisted, had been merely that the company kept a satisfactory bank balance on deposit.

(6) The literature in which the stock was offered for sale advised "quick action" on further purchases of the stock on the ground that the "price" of the stock would be "doubled" before a new offering was made.

Brown's conclusions were incisive and direct. "This company's property holdings," he said, "are of questionable and indeterminable value. Essential information on production, costs, income, etc., is lacking. It is infinitesimally small by comparison with the successful companies in the vicinity, and would be hard put to withstand a new era of keen competition. The payment of an initial dividend at the rate of 24% a year, no matter how promising the two-months'-old company's outlook may now appear, reflects a notable lack of conservatism on the part of the management. Standard Oil of New Jersey, the largest oil company in the country, with uncounted sources of revenue, immense cash holdings and a management comprising the best brains in the oil business, deems it wise to disburse only 5% on its stock each year. The contrast—your puny little company daring to pay at a rate almost five times greater than Standard Oil pays—is impressive, if nothing else. Finally, the character of the stock-selling literature, which seems to have the tacit if not the direct endorsement of the officials, is open to serious question. The age-old idea of warning prospective buyers that the offering price will be increased within a certain period or after some hypothetical event is an offense to the intelligence of the investing public, or would be if that public were more intelligent. Manifestly, it has nothing to do with the future value of the shares you now hold. All this pronouncement concerns is the price the company may be able to get for stock it sells later on.

"The whole enterprise," Brown concluded, "reeks of mismanagement, based either upon intent to defraud or else on a lack of common intelligence. Either explanation is sufficiently damning. I advise the immediate sale of the stock!"

Chagrined and mortified by Brown's sweeping report. Smith was still tempted to doubt. It seemed like throwing money away to let that "24% a year" stock go. But he remembered his agreement.

"All right," he consented grudgingly, "I'll sell the stock. You sell it for me."

Brown smiled. "I have already made inquiries along that line," he said. I can't sell it. There is no market for it. No reputable broker ever heard of it. It is not listed or dealt in on any recognized exchange."

"Do you mean I—I *can't* sell it?" gasped Smith.

"You might offer it at absolute auction for its value as paper," suggested Brown. "Or you might spend twice as much as it cost you in suing the directors for misrepresentation on the off-chance of forcing them to take it back."

The futility of such procedure was apparent. Dejected, disillusioned and sore, Smith rose from his seat.

"Brown," he said, "This is my first experience as an investor. It is going to be my last. From now on, any spare cash I may have goes into the savings bank. I'm through!"

"Don't be an ass, Smith," Brown interposed, mildly, "The whole affair's as much your fault as any one else's. If you'd made this investigation *before* you bought the stock instead of afterwards—in other words, if you had exercised the common, ordinary horse-sense you use in your business, you'd never have been caught."

"How was I to know?" pleaded Smith." "Where could I have learned what you have learned? How am I to tell a good investment from a bad one, anyway? How am I going to protect myself against having someone land me with some more stock, just as bad as this? Has the layman—the fellow like me—any chance of getting a square deal in this game?"

"He certainly has," said Brown, emphatically, "Now, listen to me—"

(What Brown told Smith, how he taught him to differentiate between good and bad investments, what some of Smith's experiences were as he began to work out Brown's theories, will be told in narrative form in an early issue.)

Public Utilities

Ten Public Utility Investment Suggestions

Prices of Bonds and Notes Have Been Advancing for More Than a Year, But Good Issues at Better Than 6% Yield Are Still Obtainable

By JAMES N. PAUL

BEFORE the advent of the numerous large industrial corporations which are now in our midst, the discriminating investor who wanted a yield higher than that given by the low interest bearing Government issues had two other fields to choose from. He could pick either a good railroad bond or a public utility corporation issue and feel practically safe that his income was assured. Stocks and bonds of public utility corporations throughout this country continued popular issues up until the beginning of the upward movement in operating costs in the years 1916 and 1917.

But conditions incident to the war changed all this within the space of a few years and confidence was undermined for a time in these issues, particularly in traction properties. That there has been a change in the situation, however, is indicated by prices of public utility bonds which have been mounting since a year ago. Average prices of utility bonds are now at the high point for the year and higher than they have been in more than four years. With indications of cheaper money, bond prices, not only of public utility issues but all classes, appear to be headed upward though any advance may not be as spectacular as the upward movement of the early months of this year.

Again in Favor

Securities of the public utilities this year are again coming into favor, and this is proven by the rapid advance of many issues, particularly the power generating and gas companies. There is still a general tendency to fight shy of traction companies as a rule.

That the cream is off the advancing market for public utility bonds and notes is admitted. The day of the 7% and even 8% note issue by this class of corporation is past and will probably not be witnessed again in this generation. But there are still many good investment issues to be picked up which yield in excess of 6% which should commend themselves to the careful investor seeking long-term issues.

Daily average prices of ten representative public utility issues compiled by Dow-Jones & Co. show that this figure was 87.69 on May 31, 1922, compared with 80.50 December 31, 1921. A year ago, May 31, 1921, average price stood at 72.42 compared with 68.64 the same date 1920, and 83.69 May 31, 1919. Figures indicate that low prices during the past five years were reached about the middle of 1920. The present sharp upward movement in bond prices started about a year ago. The accompanying table gives ten investment suggestions, all considered good investment issues, and as such are recommended to investors.

New York Edison 6½s

New York Edison Co., subsidiary of Consolidated Gas Co., $30,000,000 first lien and refunding mortgage 6½% bonds due October, 1941, were sold publicly last October at 104½ and have since advanced more than five points to 110, now selling around 109, at which price the bonds yield slightly less than 6%. They are callable at 105 and interest after October, 1936, and assuming that they were called on this date they would show a yield of 6%. Even at the present premium on the bonds, they are desirable as a high-grade investment proposition and the yield is slightly higher than that offered by high-grade securities of many other companies.

The 6½s are a direct obligation secured by deposit of a new issue of $30,000,000 first mortgage bonds of United Electric Light & Power Co., a subsidiary and due in 1996. In addition 99.99% of the stock of the United Co., aggregating approximately $5,000,000 par value, is pledged as additional security. Combined property valuation of New York Edison and the United Electric Light & Power Co., it is stated, represents an investment in excess of $220,000,000. Both companies possess franchises for furnishing electric energy in New York which are considered perpetual. The bonds are listed on the New York Stock Exchange, giving them a ready market.

Duquesne Light 7½s

There are outstanding $10,000,000 of the fifteen-year 7½% debentures which were issued last year to provide for extensions to take care of increasing business. Bonds are traded in on the New York Stock Exchange and selling around 106 show a yield of 6.75%. Up to July 1 next debentures are callable at 107½, but premium becomes ½ of 1% less for each year of unexpired life. From July 1, 1923 to July 1, 1934, debentures are convertible into 8% preferred stock of the company on the basis of par for par.

Duquesne Light Co., a subsidiary of Philadelphia Co., is a well-managed concern, and for the past few years has had to do extensive financing to have facilities keep pace with growing demand for power. Company operates in and around Pittsburgh. The debenture bonds are a direct obligation of the company.

Laclede Gas Light 7s

There are outstanding approximately $16,000,000 of the Laclede Gas Light Co. ten-year 7s due 1929. At the present selling price of 101 bonds show a yield of 6.80%. They are equally secured to the

TEN PUBLIC UTILITY BONDS

Issue	Rate (%)	Maturity	Price	Yield (%)	Times Int. Earned T'l Funded Debt*
N. Y. Edison Co. 1st & Ref. 6½% bds, s A..	6½	1941	109	5.75	1.80
Amer. Power & Light Deb. 6s	6	2016	95	6.20	2.20
Mississippi River Deb. 7s	7	1935	101	6.80	1.75
Puget Sound Power & Light	7½	1941	105	7.10	2.00
Southern Cal. Edison Ref. 6s	6	1944	100	6.00	2.46
Laclede Gas Light 7s	7	1929	101	6.80	0.88
Penn. Public Service Series C	6	1947	99½	6.05	1.80
Duquesne Light Co. 7½s	7½	1936	106	6.75	3.10
West Penn. Power 7s	7	1946	104	6.80	2.15
New York State Railways Series B	6½	1962	99	6.57	2.00

* Based on last annual report published.

extent of $10,000,000 with the refunding mortgage 5s due 1934 by the deposit of like amount of these bonds. They also constitute a second mortgage on all properties. They are convertible par for par into common stock but are redeemable at any time upon thirty days' notice at 101.

The Leclede Gas Light Co. is one of our old-line public utility companies and furnishes gas chiefly, together with a small output of electricity, to the city of St. Louis. While it did not entirely earn its interest charges on funded debt in 1921, showing a deficit for the year after preferred dividends of more than $300,000, earnings this year have shown remarkable improvement under better operating conditions. Earnings statement for the first quarter of this year showed earnings were running at the rate of more than $4 a share annually on the common stock against the deficit of last year.

The company has a good record and up until the time of high operating costs, which became acute in 1919, had an unbroken dividend record for both the common and preferred stocks.

American Power & Light 6s

American Power & Light 6s dated March 1916 are due 2016 and afford an unusually long-term investment. There are $6,271,000 of these gold debenture bonds outstanding. They are callable at 110 and interest on any interest date. Selling around 95 there is a return on the investment well in excess of 6% even ignoring the maturity date.

Company is well managed and is affiliated with Electric Bond & Share Co., which in turn is affiliated with General Electric Co. It is a holding company, controlling through stock ownership Kansas Gas & Electric Co., Portland Gas & Coke Co., Pacific Power & Light, Nebraska Power Co., and Southwestern Power & Light Co. The 6s are a direct obligation of American Power & Light Co., and together with $3,500,000 8% bonds due in 1941 constitute its sole funded debt.

(*Continued on page* 313)

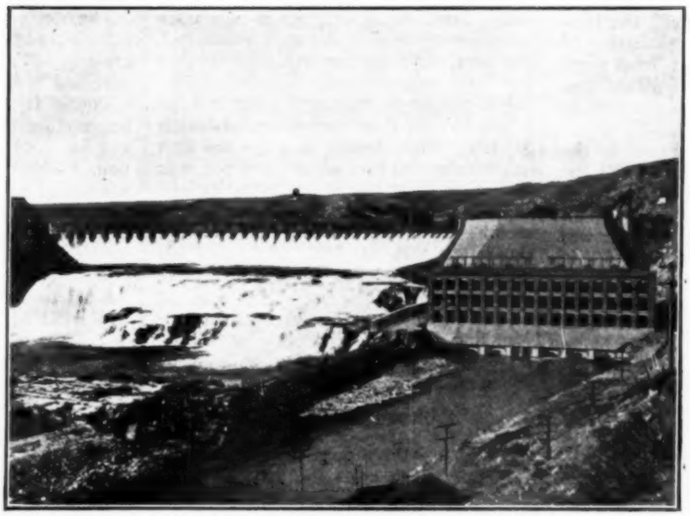
Montana Power Company

A Public Utility with a Brilliant Future

Operating in a Vast Domain, Company's Business Will Keep Pace With Growth of the State—Has Large Capacity for Expansion in Coming Years

By O. P. DOBIE

THERE are, perhaps, few of us who realize the vast territory supplied with electrical energy by Montana Power or its potentialities for future growth. With ample reserves of undeveloped water-power sites for future use, the company's growth is only limited by the expansion of the state's population and activities. Even with its present output, the company ranks as one of the largest hydro-electrical enterprises in the country.



The Great Falls Plant of the Montana Power Co. Capacity 60,000 K.W.

Montana Power, it has been said, supplies electrical energy to an empire in itself. The company operates over the greater part of a state which itself is larger than the British Isles and as large as the combined territory of the New England states, New York, New Jersey, Delaware and Maryland. This large territory in 1921 had a population of slightly in excess of 500,000.

The company has this to distinguish it from the large majority of other public utility properties: Many of our large properties are operating in territory already thickly populated and future growth must necessarily be slow except where there are special circumstances. With Montana Power Co., it is operating in a territory the resources of which have only been scratched on the surface. With ample water power sites available, its future development will be along lines of power generation by inexpensive hydro-electric plants.

Aside from the potentialities for future growth, there are two factors in the company's affairs which will perhaps prove more interesting to the holder or prospective purchaser of its securities. These are the improvement in earnings during the current quarter of this year due to better business conditions throughout the state, brought about largely by resumption of mining operations on a large scale, and probable increase in dividend payments on the common stock when the board meets for discussion of the question next August.

By far the greatest activity of the state is in its mining operations. Electricity has practically superseded steam power in the operation of mines, and Anaconda Copper Mining Co. is one of Montana Power Co.'s largest customers. Practically all the mines are supplied in the western two-thirds of the state. When markets for metals became depressed in the early part of 1921, almost all the mines shut down and remained closed. Decision to reopen was announced by leading companies last February, but it was not until March that resumption of operations became general. This factor is, of course, reflected in current earnings. Discussion of current earnings in detail will be given later on.

Dividend Increase Likely

During the latter part of 1919, when earnings began to fall off, the board promptly reduced the rate on the common stock from $5 annually to $3. It was stated at that time that as soon as earnings picked up to any extent, the board would be quick to restore the rate. Last month directors met for dividend discussion and, as was expected, the regular quarterly payment of 75 cents was

declared on the common. Board meets again next August and it is exepcted that an increase in the rate on the common stock will be announced.

Output

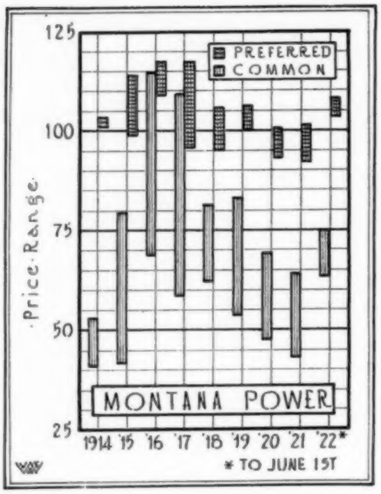
Practically all of the company's output is that of its hydro-electric plants. Two small steam plants have been discarded, and out of its 212,340 kilowatt capacity, only 810 k. w. capacity is that generated by costly steam apparatus. These are the Billings (reserve) plant, 560 k. w. capacity, and the Phenix plant, at Butte, 250 k. w. Following table shows capacity of plants at present:

Hydro-electric	211,530 kilowatt
Steam	810 kilowatt
	212,340 kilowatt
Water powers undev.	121,500 kilowatt
Total	333,840 kilowatt

The largest plant in operation is that at Great Falls, on the Missouri River. Plant has a capacity of 60,000 k. w. and is thoroughly up-to-date, having been completed in 1916. It supplies power for the Chicago, Milwaukee & St. Paul Railway, at Morel and Gold Creek, the Anaconda Smelting plant at Anaconda and the Anaconda copper and zinc refining plant and copper smelting works, near Great Falls, in addition to smaller activities. The Holter plant, which now has a capacity of 54,000 k. w., was completed four years ago and is the second largest plant. Ten other smaller plants are also operated in addition to the two steam plants.

As illustrating the falling off in demand in 1921 on account of business depression and closing down of the mines which was reflected in poor earnings, total kilowatt hours generated last year was 572,277,989 compared with 1,103,620,644 in 1920, a falling off of 48%. The 1921 annual report showed net earnings available for dividends of $1,563,994, equal to $2 a share on the $49,633,300 common stock, par value $100, compared with net of $3,057,723 the previous year, equal to $5.27 a share. The table shows earnings over a five-year period, 1921-1917, inclusive.

From the accompanying table it will be seen that the company had just about gotten into its stride and was reaping the benefits of the construction of its large Great Falls plant when abnormal conditions incident to the war interfered with earnings. Still later, after the war, high operating costs followed by the business depression, have served to keep the company from showing what it can do under normal conditions. It can be truthfully said that the current year is the first since 1917 when conditions were not adverse for one reason or another.



Current Earnings

Owing to the fact that while mining companies began to resume in February, it was not until late in March of this year that they really operated on a fair scale. Deprived of the mining companies as consumers during the early months of the year, first quarter earnings showed but little improvement. Company publishes quarterly statements, the last of which was for three months ended March 31, last. This showed that for the first quarter the dividend on the common was just about earned or at an annual rate of around $3 a share. Statement for six months to June 30 will be published about the latter part of July, and based on present figures should show considerable improvement. It is estimated for the second three-month period of this year, Montana Power should show at an annual rate of better than $6 a share on the common.

Railroad Electrification

There are three large transcontinental railroads which cross the state of Montana, Northern Pacific, Great Northern and Chicago, Milwaukee & St. Paul. The latter is now electrified for about 440 miles of its system over the mountains from Harlowton, Montana to Avery, Idaho. In addition, the Butte, Anaconda & Pacific, running between Butte and Anaconda, has about ninety miles of track electrified. Both of these companies are taking power from Montana Power Co. on long term contracts and consume together approximately one-fifth of the present total generating capacity.

Owing to the difficulty of operating large trains over the mountains, particularly in the winter months, it has been recognized that it is only a question of time when Great Northern and Northern Pacific will electrify this portion of their lines. Prior to our entry into the war, it was stated that these lines had plans under way. The war, of course, stopped this, but it was only recently announced officially that Great Northern was contemplating electrifying part of its lines but this event had to await solving of questions as to raising of capital, etc.

Electrification by either of these roads would be of far-reaching importance to Montana Power Co. and would be reflected by increased earnings.

Conclusion

Total funded debt of Montana Power Co. proper consists of $22,277,600 first and refunding 5s, due July 1, 1943. There are also approximately $10,000,000 bonds of subsidiary companies which are a lien on its properties. The 5s are callable at 105 and are a lien on the entire properties owned in addition to being secured by some $21,000,000 of securities of subsidiary companies.

The bonds have always been considered a high-grade investment proposition and are now selling around 97, at which price the yield is slightly in excess of 5%.

There is $9,671,800 preferred stock outstanding. This issue is 7% cumulative and has paid dividends without interruption. There is an exceptionally small amount of this issue outstanding in comparison with bonds and common stock though total authorized preferred is $25,000,000, and it has always been considered a high-grade investment preferred stock. Selling around 108 the stock shows an annual yield of 6.5% and appears attractive at present prices. Stock is redeemable at 120 and in view of the comparatively small amount outstanding, there is the possibility that it might be retired in future years if earnings show good improvement. However, this is a long range view and there is nothing to indicate this at the present time.

There is $49,633,300 of the common stock outstanding, par value $100. This issue is selling in the lower seventies with yield of approximately 4% annually. While the stock appears to be selling rather high on the basis of the yield, it should be remembered that it is discounting increased earnings and possibly dividends. The stock has always sold high on the basis of the yield. In 1916, when the dividend was raised to $5 annually from $3, the common sold as high as 114. The stock moves rather rapidly when it gets under way. Low price for 1922 was 63 and it has not kept pace with other utility issues in the advance of the market. Up to June 1, high price for this year was 75. At current levels, it offers one of the best remaining opportunities in the public utility list.

MONTANA POWER COMPANY EARNINGS

	1917	1918	1919	1920	1921
Gross	$6,905,256	$7,558,741	$6,769,013	$7,866,124	$6,009,226
Bond interest times earned	3.22	2.94	2.33	2.86	1.96
Net for dividends	3,142,427	3,050,195	2,295,631	3,057,723	1,563,994
Per share on common	7.45	6.19	3.87	5.27	1.99
Dividends paid on common	5.00	5.00	4.50*	3.00	3.00

* Rate on common reduced from 1¼% quarterly to 75 cents the latter part of this year.

Trade Tendencies

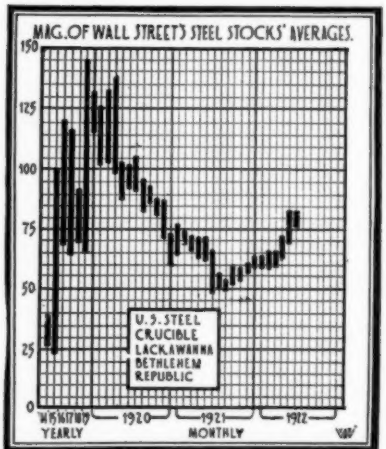
The Rising Volume of Business

Uncertainty Caused by Labor Disturbances Offset by Trend Toward General Improvement

STEEL

Strength Maintained

The iron and steel trade maintains its strong position with orders for new tonnage still coming into the market in excess of shipments, while production is retarded by the coal strike. Combination of these two circumstances gives the steel market an appearance of congestion, a tendency which is likely to become more noticeable in the next few weeks as fuel supplies become a greater factor in the situation. Steel companies are generally well supplied with reserves of coal, but as industrial needs are considerably in excess of production, it is apparent that a settlement of the strike must precede an increase in the ratio of steel company output to capacity, if indeed the fuel shortage does not become acute.



TO JUNE 15

Although the average price of iron and steel products has been advancing only fractionally in the past few weeks, the trend is strongly upward due to increased costs and heavy demand. New business is bearing the brunt of higher quotations which are most marked in the case of plates, shapes and bars. Sheets likewise are stronger and point higher as the automobile industry continues record-breaking activity.

The coal strike is generally credited with responsibility for the rapid upturn in price levels of iron and steel, nevertheless it is becoming obvious that termination of the strike would not be likely to have any permanent effect on quotations, which are now governed largely by a demand based on strong underlying influences. In fact, the conservative attitude maintained toward advancing prices, by the leading interest and other large producers, is evidently the sole barrier to a considerably higher level in all lines.

The extent of current demand and the slight effect of the coal strike on last month's operations, are aptly illustrated by May figures for pig iron output and steel ingot production. The average daily rate of the former was 74,495 tons during May compared with an average of 69,005 tons in April. Steel ingot production for the month of May totaled 37,180,000 tons as against an April output of 34,746,000 tons. The possibility of a continued increase for the month of June is unfavorably affected by prolongation of the coal strike.

The outlook for both iron and steel is for maintenance of prices and production at practically current levels until present uncertainties are removed. Earnings of the steel companies for the second quarter should reflect the improvement which has occurred in the industry with the leading interest, whose unit production costs are much lower than those of the independents, making a relatively better showing.

COMMODITIES

(See Footnote for Grades Used and Unit of Measure)

	1922 High	1922 Low	Last*
Steel (1)	$35.00	$28.00	$35.00
Pig Iron (2)	25.00	17.75	25.00
Copper (3)	0.14	0.12⅝	0.14
Petroleum (4)	3.50	3.25	3.50
Coal (5)	4.20	1.75	4.10
Cotton (6)	0.22⅞	0.17	0.22⅛
Wheat (7)	1.46	1.11	1.26½
Corn (8)	0.78¾	0.47	0.60¼
Hogs (9)	0.10⅝	0.08	0.10⅝
Steers (10)	0.09½	0.08½	0.09⅛
Coffee (11)	0.11⅛	0.09¼	0.11⅛
Rubber (12)	0.20½	0.14¼	0.15
Wool (13)	0.52	0.45	0.52
Tobacco (14)	0.20	0.20	0.20
Sugar (15)	0.04⅝	0.03½	0.04⅝
Sugar (16)	0.06	0.04¾	0.06
Paper (17)	0.03¾	0.03½	0.03½

* June 17

(1) Open Hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Pennsylvania, $ per barrel; (5) Pool No. 11, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 Red, Chicago, $ per bushel; (8) No. 3 Yellow, Chicago, $ per bushel; (9) Sight, Chicago, $ per bushel; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium Burleigh, Kentucky, — per lb.; (15) Raw Cubas 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.

STEEL—Iron and steel production figures show gain. Prices strongly maintained. Steel market has some appearance of congestion. Fuel shortage slightly more apparent.

OIL—Crude oil higher and production still in excess of demand. Heavy stocks of gasoline and crude oil lend aspect of uncertainty, although strongly held.

MOTORS—May output at new high level. June production expected to come close to May. Truck demand likely to continue well into Fall.

MACHINERY — Outlook is for slowly improving demand. Railroad equipment buying continues. Farmers will probably be heavy buyers of implements later on.

SUGAR — Prices of raw and refined sugar under stimulus of active demand. Raw sugar at high for year. Consumption should continue to hold up.

MAIL ORDER—Position of mail order companies improving as sales expand. This tendency should continue as agriculture and industry recover.

COAL—No present signs of break in strike. Soft coal production shows tendency to increase. Industry drawing upon reserves.

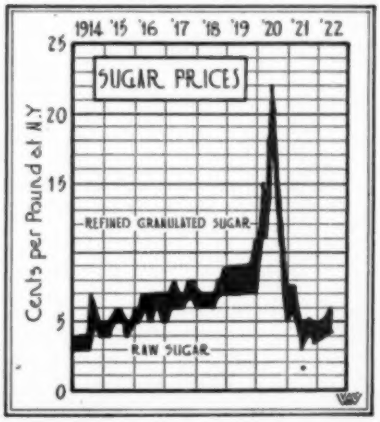
SUMMARY — Demand less active in some quarters as immediate requirements are filled, while lines which have been backward are displaying more activity as business shows further expansion. Commodity prices tending upward, retailers more active, and surplus stocks being depleted. Uncertainty due to strike and advancing raw material prices exert unfavorable influence on some lines, but the general trend is toward further improvement.

SUGAR

Outlook Promising

That the sugar industry was building a firm foundation for recovery in the

(*Continued on page 317*)



Petroleum

Standard Oil of Indiana
Gulf Oil Corporation

Mutual Oil Co.
Shell Union Oil Corp'n.

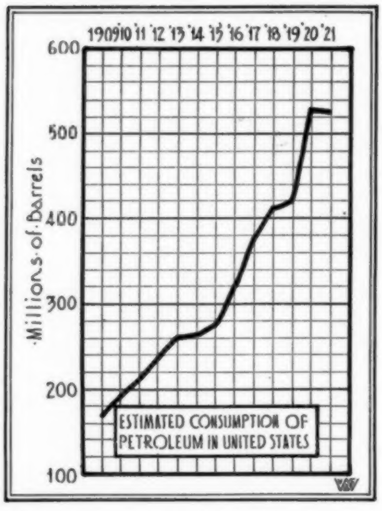
Re-drawing the Oil Map

Mergers, Accomplished and Proposed, and What They Mean to Oil Stockholders

By W. L. GEOFFREY

THE oil industry of the United States has more than recovered from the effects of the business slump, and is now going forward on a scale that is taxing the available resources, both for production, refining and traffic, of all of the larger organizations. A new boom is undoubtedly well under way, and the earnings of the established companies are improving very materially.

Aside from the activity in the general industry itself, the most interesting phase of the present era is the tendency toward consolidation. Much idle talk about consolidations has been indulged in, to be sure; and the tendency to exaggerate merger possibilities is very common. Still and all, there are certain consolidations, either already effected or else on the verge of being effected, which are of inestimable importance to the industry as a whole, and which forecast a very general re-making of the oil map.



The Most Far-Reaching Proposal

Of all the new combinations now under consideration, the one which, at once, is probably the most likely to be effected and which is also likely to be the most far-reaching in its general significance is that of the Gulf Oil Corporation and the Standard Oil of Indiana. Vigorous denials are said to have been given out that any such combination is under contemplation, but rumors of the event flourish rather than wilt under denial, and have recently become complete in respect of detail as to practically insure their authenticity. In fact, responsible people are definitely of the opinion that the absorption of Gulf Oil by the Indiana Company will be an accomplished fact before next winter.

The first hints of a combination here took seed when the new attitude of the former Standard Oil subsidiaries with regard to the acquisition of new producing properties came to be more generally realized. It was free talk, not so many months ago, that the then holdings of the former subsidiaries might, before long, prove far inadequate to their needs; and the talk was followed up by such incidents as that of the Standard Oil Co. of Indiana going into the Midwest Refining Concern, through which means it practically secured control of the Rocky Mountain field; while California and Standard Oil of New Jersey began scouring the world, and locating in a number of new producing centers.

Since, the Indiana-Gulf consolidation has passed the talking stage. In fact, negotiations between the two companies have even reached the point of bickerings in regard to the basis of exchange, and is said to have included mutual inspection trips by representatives of the two companies over the respective properties.

After dipping into the details of the projected merger, and of the two probable participants, the following salient features in connection with it seem of greatest interest:

What the Combination Would Do

The combination, if effected, would represent what is probably the greatest single event in the history of the oil industry. It would directly involve something over $700,000,000.

Out of the combination, the Standard Oil Company of Indiana, would secure control of what was once the largest producer of high-grade oil in the United States, a company which is still far in the forefront in respect of domestic production, and which has also very large holdings in Mexico and South America.

Indiana would secure a remarkable marketing organization, in the shape of Gulf's marketing stations, which are now extensive enough to compete forcefully with those of the Standard Oil Co. of Kentucky.

Indiana would obtain a pipe line running from the Mid-Continent and Texas fields to the Gulf Coast.

Of particular significance, Indiana would secure ownership of a large number of tankers and tank cars—a feature worthy of emphasis when it is noted that, up to the present, Indiana's water and transportation equipment has been confined to a few barges operating in the Great Lakes.

Finally, acquisition of the Gulf Co. would give Indiana extensive new refining facilities on the Gulf Coast, as well as distributing stations on the Atlantic Seaboard for use in supplying its marketing stations.

Stockholders in the Gulf Co., for all the immensely valuable properties and plant facilities which they would bring to the Indiana organization would not, it would seem, derive anything short of great benefit from the merger. In place of an interest confined to what is, in the final analysis, a great producing company, they would secure an addidtional interest in what may yet be proven to be the best managed, most extensively ramified and most successful of the former Rockefeller companies. Standard Oil of Indiana's territory stretches through one of the wealthiest and most thickly productive sections of the United States; it is the largest single producer of gasoline in the world and has the largest total refining capacity.

The Terms

The terms of the consolidation, like all the other features of the proposition, are still in an embryonic state. (It may again be pointed out official recognition of the proposal is not yet forthcoming.) Well-informed quarters understand that negotiations are teetering between an offer of 5 for 1 on the part of Indiana and a demand of 8 for 1 "take it or leave it" from the Gulf.

The 5 for 1 exchange basis is considered nearer to what will probably prove the final terms. It is, and has been, almost the exact ratio between the market price of the two securities since the merger talk first began—

But what is doubtful is whether the exchange would be entirely upon a share for share basis. It is more likely that a lesser number of Indiana shares will be offered, and accepted, in the final transaction, a cash payment being authorized to take care of the balance.

Conclusion

Basing upon the assumption that the Gulf-Indiana combination will be effected, along the lines outlined above, there appears little choice between the shares from an investment point of view. Both stocks represent first-rank investments in the oil industry. Both are selling at about the same percentage of par—Indiana, par value $25, selling at $125, or 500%, and Gulf, par $100, selling at $500, also 500%. The recovery in the oil trade, as well as the merger talk, has been accompanied by extended advances in both issues, Indiana, for instance, having moved up from a low last year of 60¾ to above 124. **Extended advances like this have, of course, materially discounted the new situation and the merger prospects, and it might therefore be wise to watch for a reaction before purchasing either issue. For the long pull, Indiana looks to be a promising issue of very high grade.**

Mutual Oil Broadens Out

Of far less importance than the Indiana-Gulf merger proposal, but a development of interest to many oil investors is the merger of the Mutual Oil Co. and the Boston-Wyoming Co.. This has the additional virtue of being an accomplished fact, having been effected early in the current month.

The Mutual Co. dominates the Cat Creek field of Montana, where it has a daily output of about 3,000 barrels. It also has substantial production in a number of other fields.

Boston-Wyoming leads in the Salt Creek field, where it averages about 4,000 barels daily.

Besides taking the Boston-Wyoming Co. into its organization, the Mutual Co. has absorbed the Western Oil Fields Co., a strongly financed concern operating in the Mexia field of Central Texas having a capacity of 5,000 barrels per day. Through the absorption of these two properties, the Mutual has augmented its production by 9,000 barrels per day.

The total productive capacity of the properties controlled by Mutual Oil as a result of the merger amounts to 17,000 barrels (see accompanying table). In addition to a refining capacity of 11,500 barrels, the company also operates extensive lubricating oil and grease plants at Kansas City, and maintains some 200 marketing stations scattered through the Northwest.

Mutual Oil—which is successor to the original Elk Basin Consolidated Petroleum Co.—enjoys friendly relations with Standard Oil interests, and appears to be ably enough managed. The quality of its oil is unusually high and additions made to its production, with reduction in overhead, a new pipe line direct to the refinery, and similar advances, should add materially to its prospects.

THE NEW MUTUAL OIL

PRODUCTION

Field	Barrels per day
Cat Creek	3,000
Grass Creek	2,500
Rock River	1,500
Western Oil Fields / Boston-Wyoming	9,000
Total	17,00

REFINERY CAPACITY

Location	Capacity (in bbls.)
Glen Rock, Wyo	10,000
Cowley, Wyo	1,500

The stocks sell on the Curb at this writing in the neighborhood of $11 per share. The company did not do well in 1921, and as a result dividends are not being paid on the stock at the present time. Its enlarged earning power, as the result of acquisition of new properties, and better rounded organization point toward an increased earning power, however, and there are fairly attractive speculative possibilities attached to the stock.

Shell Union Oil

A few months ago, the Royal Dutch-Shell Company effected the first foreign oil merger in this country by combining its American properties with the Union Oil Co. of Delaware, interests in the Mid-Continent California fields. The result of this merger was the Shell Union Oil Corporation, which owns all of the stocks of the Shell Company of California, the Roxana Petroleum Corporation, the Ozark Pipe Line Corporation and the Matador Petroleum Co., together with 26.17% of the capital stock of the Union Oil Co. of California, which averaged in excess of 27,000 barrels per day last year.

This merger was one of the most notable operations in the oil industry of this country. Today, the Shell Union Oil, through its subsidiaries, owns and operates oil properties having a total daily average production of 48,000 barrels, with refining capacity equalling this figure, and over 750 miles of pipe lines.

Recently, the Shell Union floated an issue of $20,000,000 6% cumulative stock at par ($100) yielding dividends at the rate of 6.50%. The total combined net assets of the new company, made possible by the merger, are estimated conservatively at $201,912,822, equivalent to $1,010 per share of the preferred stock, while net current assets alone total $23,081,753, or over $115 per share.

Conclusion

The preferred stock in the Shell Union Co. is dealt in on the New York Curb Market around 96. At that price, as a cumulative issue in one of the largest oil combinations in the world, it appears to be an attractive oil investment.

Inquiries on Oil Securities

Inquiries on Other Securities Will Be Found in Their Respective Departments

STANDARD OIL OF NEW YORK

$170,000,000 Surplus

I invested in a few shares of Standard Oil Co. of New York a couple of years ago and have seen the stock have a big advance and then a big drop. I would like to have your opinion as to whether to sell out on the present advance to 410 with the idea of buying back lower down or to hold, also a little information about the company.—F. H., Pittsburgh, Pa.

Standard Oil Co. of New York in our opinion has one of the brightest futures ahead of it of any of the former Standard Oil subsidiary companies. This company has for some years been the dominant marketing agent throughout the Orient and has been instrumental in raising the consumption of kerosene in China from 13,500,000 gallons in 1903 to more than 200,000,000 at the present time. Even with this consumption only the surface of the country's consuming capacity has been scratched and we believe the company to have a wonderful field here for future development. It has an agreement with the Chinese Government for development of oil fields in China.

Early in 1918 a 45% interest was acquired in the Magnolia Petroleum Co. controlling extensive producing properties in Oklahoma and Texas. Extensive refineries are operated in New York and vicinity and Providence, R. I.

Capitalization consists of $75,000,000 stock par $100 and $50,000,000 bonds. Working capital is $130,00,000 and profit and loss surplus $170,000,000. Dividends on stock are at rate of 16%. In 1921 12.93% was earned on stock and in 1920 52.54%. For past nine years earnings have averaged 34% per annum.

We regard the stock as an attractive business man's investment and sooner or later larger disbursement are bound to be made to stockholders. In view of much better outlook for earnings this year believe it advisable to hold the stock for higher prices.

SINCLAIR CONSOLIDATED

Favorable Developments

Sinclair Oil has had a big advance in price in recent months and I would like your opinion as to whether or not developments in the company have been sufficiently favorable to justify the higher price. I hold some of the stock bought at 23 and am inclined to sell but want a litle information first.—T. L., Newark, N. J.

Developments in the Sinclair Consolidated situation have been very favorable indeed and have greatly improved the earning power of the company and its financial condition. First, the refinancing which retired the old bond issue releases $17,000,000 representing the sum Standard Oil of Indiana is paying for a one-half interest in Sinclair Pipe Line. Second, the increase in the price of gasoline which means big increase in profits as Sinclair has large quantities in storage. Third, agreement made with United States Government to develop the oil lands in the Teapot Dome, Wyoming, which should ultimately mean large profits for Sinclair. Fourth, Sale of its Mexican Seaboard stock for between $8,000,000 and $9,000,000, a clear profit as this was bonus stock and in addition about $4,000,000 of Mexican Seaboard bonds held have been paid off. Fifth, favorable developments in Mexico where a subsidiary recently brought in a 30,000 barrel well in San Miguel. Sixth, increased production in Burbank pool, where production has been increased to 10,000 barrels a day.

These developments enabled Sinclair to start cash dividends at a $2 rate and it is anticipated that an extra dividend may be paid at the end of the year. With general market conditions unsettled, however, believe it advisable to take profits on at least half your stock.

I bought 500 shares of MEXICAN SEABOARD OIL CO. at close to $45 per share, and I have been wondering why, if this stock is selling so much below its apparent value, it has not advanced more with the general market. Do you consider it an investment, spec-vestment or a speculation? Why did Sinclair Oil Co. sell its holdings?
M. F., Stamford, Conn.

We see no reason why you should be concerned over the prospects for Mexican Seaboard. Any company that can pay off its obligations at the rate of $1,000,000 per month out of earnings, and pay stockholders 50 cents per share per month as well, is a good proposition as things go nowadays. An official circular issued by the company recently fully confirms the article printed in these pages on April 29th. While the stock cannot be considered an investment for income only, it is, in our opinion, an excellent spec-vestment. All Mexican oil properties are subject to exhaustion or salt water intrusion, but this company's property is so extensive and in such large and clearly-defined pools, that we believe it will be a long while before any great shrinkage in earning power occurs. The company is operating on such a large scale and developing new properties, that the falling off in production in one section will doubtless be offset by a gain in others. In the meantime, there is a likelihood of increased dividends when the debentures are paid off, which at the present rate should be within the next several months. Possibly the trouble is that you bought too much of this stock in proportion to your other holdings. It is always best to distribute your investments among ten or twenty and not be loaded up with a few issues. The action of the stock in the recent market weakness should assure you that its technical position is strong, for it declined less than any other oil stock on the list. This is evidence of a strong underlying demand and makes for confidence.

The Sinclair holdings were sold because that company is obligated to spend at least $7,500,000 in the development of the Teapot Dome concession. This will provide the funds and probably make a larger profit ultimately than if Sinclair had held its Seaboard. The 200,000 or more shares thus liquidated by Sinclair have gone into the hands of a very strong syndicate.

ALLIED OIL

No Working Capital

During the last boom in the oil shares I foolishly bought some Allied Oil close to $1 a share and still have it. Have seen no news about this company for a long time and would like to know if there is any chance of it ever coming back. Any information you may have would be appreciated.—H. C. S., Kingston, N. Y.

Allied Oil started out as quite a company with 28,000 acres of oil leases in territory that had been fairly well proven to contain oil in the Burkburnett, The Northwest Extension and Mineral Wells fields in Texas, also some scattered acreage in other fields. The company succeeded in bringing in some oil and gas wells, but the production did not return sufficient profits to pay for development and other expenses. When the company was first formed insufficient working capital was provided and as a result it soon became involved in financial difficulties.

The last balance sheet issued as of May 31, 1920, showed current liabilities $597,501 and special creditors payable out of production $688,336. Current assets including investments were $419,116. At the present time the company's condition is probably considerably worse than this. A considerable amount of money will have to be raised if the company is to keep going and as the possibilities of the company's properties are only considered fair it is very uncertain if any financing can be arranged on terms that would leave anything for stockholders. The stock looks like a pretty hopeless proposition. It is selling for 2 cents a share.

CITIES SERVICE PREFERRED

Switch Suggested

I have a small amount of Cities Service preferred stock that I would like to switch into some spec-investment stock selling at about the same price and that has good possibilities—C. D. R., Akron, O.

An excellent switch for your Cities Service preferred stock, in our opinion, would be the stock of the Pittsburgh Coal Company. This stock pays $5 a share and sells around 61 with a yield of 8.2%. The company is in excellent financial condition and when coal strike is over should show substantial earnings.

Intimate Talks With Readers

Styles in Market Manipulation—The Misleading Effect of Judging by Par Values Entirely

THE technique of the market has not varied much in the past twenty years, and it is doubtful if the economic laws that govern supply and demand—in other words the physical limitations imposed upon the swinging of great blocks of stock involving at times hundreds of millions of dollars—will allow much variation.

In general, the layman with some training knows the formula of market movements. In the first place the market goes up in groups according to industries. Generally the first group to go up is that nearest to the bedrock of deflation. With the group (but not always directly identified with it) are the stocks "likely to be benefited." In this case the man in the street is not usually so well informed.

They do not and cannot go up at once and together, for the simple reason that back of the movement are *persons* and *money;* and the final hope of each movement is (a) a correct estimate of business prospects, (b) the degree to which our twenty million odd investors can be interested later on.

There are so many leaders and so much money available at any one time—no more no less. Until "the public is in" it stands to reason that the burden of the group rests on a limited number of shoulders, and has a limited "bankroll" back of it, no matter how formidable the latter may appear to the lay mind. Remember that it nowadays takes billions and not mere millions to swing the entire markets.

As with the market, so with business. From depression to prosperity the motion is a continuous and gradual one because each party depends on the other. There cannot be instantaneous business improvement all along the line, and as this is an economic impossibility, it is not only "the style" but a natural law that the market should move by groups.

However, manipulation so called is an important factor that leadership demands, and even here, although different leaders have their own way of doing things, there are distinct styles that are worth noting.

Bearing in mind that a distinct routine is necessary, namely, depressing for the purpose of accumulating, next the accumulation of a sufficient "block" to make subsequent operations worth while, next the marking up of said block to a point where distribution would be profitable (without any certainty of distribution being accomplished there): the last and most important stage is distribution of holdings in such way to guard the objective to the point where it will be carried along practically by its own momentum.

Par Value a Misnomer

Inquiries come to hand, asking for certain statistical particulars. These never fail to include the question as to par value. Apparently some investors attach a good deal of importance to such "nominal" valuation, indicated originally merely for bookkeeping purposes or to comply with the law.

In Pennsylvania, for example, it used to be the law that no stock incorporated in that state could have a higher par value than \$50. Consequently, we find the majority of its issues with a \$50 par value, for example, Pennsylvania R.R., Reading, Philadelphia Co., United Gas Improvement and a string of other leading issues whose headquarters and earliest market was the Philadelphia Stock Exchange.

Consider, however, the misleading effect of judging by par values entirely. Boston, the headquarters of the Lake coppers,—if not the original fountain-head of our entire copper shares market—gave birth to the markets in Calumet & Hecla, par value \$25, highest price around \$1,000 per share. Calumet & Arizona, having a par value of \$10 sold at 198 prior to the 1907 panic. Coming back to New York, D. Lackawanna & W., par value \$50 sold at 340 in 1909, and has always sold in the hundreds in many years. Traveling from the sublime to the ridiculous, we come to Manhattan Transit, the Tammany-sponsored curb pet of a bygone age, Manhattan Transit—par value \$20, available at 6 cents a share last August. It owned a franchise in dispute in connection with buses, which is as likely to be valuable as a concession to dredge the Sahara sands in search of rubies.

A stock like Atlantic Refining, with a par value of \$100 which sold at \$7,740 in 1919, and in recent years at or around \$1,000 per share, demonstrates the fallacy of a stated par value. Par is merely the abbreviation for "parity" and parity means equality. Practically all railroad issues, both common and preferred—with few exceptions stated—have a par value of \$100, yet a long string of them, from Erie down to the late Denver & R. G., have never been within hailing distance of their supposed "parity."

The newer idea, which came into fashion on the crest of the 1919 bull market, was to issue a predetermined number of shares "without par value" and determine the price of issue by the following formula: Selling Price (Number of Shares) = Assumed Value of Equity for Common Stock.

In practice, this is much simpler than it looks. If a company has 200,000 shares outstanding, "without par value," and the stock sells at 50, the investor need only inquire whether the common stock is worth:

\$50 (200,000 shares outstanding) = \$10,000,000

The answer may be found, in the case of a company that is well established in its earnings and dividend record. An established company might earn consistently, anywhere between 6% to 12% or more, *available for dividends on the common stock,* and it matters not whether it yet pays dividends to establish its real value. If this company paid \$4 to \$5, the stock would be cheap. An earning power that is chronically below an ability to show something available for dividends, should be inquired into. Irregularity is another symptom. Consistency to show a fair margin above reasonable dividends counts. Good examples are Chesapeake & Ohio, Union Pacific or American Telephone. Bad examples are American Writing Paper, or St. Paul in recent years. Failures in consistency bespeaks either over-capitalization, or slipping cogs in the way of capital expenditures out of proportion with nearby earning power.

Other forms of par value would be the orthodox and accepted \$100, the "stated" but obviously nominal value like Magma Copper—\$5—and the frankly no par value which allows a very simple calculation as to the amount for which the "company sells at."

There are some unusual forms like Adams Express, a joint association, no real par but accepted by custom as the equivalent of \$100, sterling bonds of £200 considered as equivalent to \$1,000 for the purpose of trading (real par value about \$974), and sometimes merely "Certificates of Beneficial Interest." Great Northern Ore is a fair sample of the latter, where a segregation occurs, and the equity in the divorced property is vested in trustees.

The real test is not "par value." The number of shares outstanding multiplied by the selling price will give instantly the market's appraisement of the common stock as a going concern.

Mining

Potential Earnings of the Copper Companies

What the Companies Can Earn With Copper at Certain Prices — Outlook for the Shares

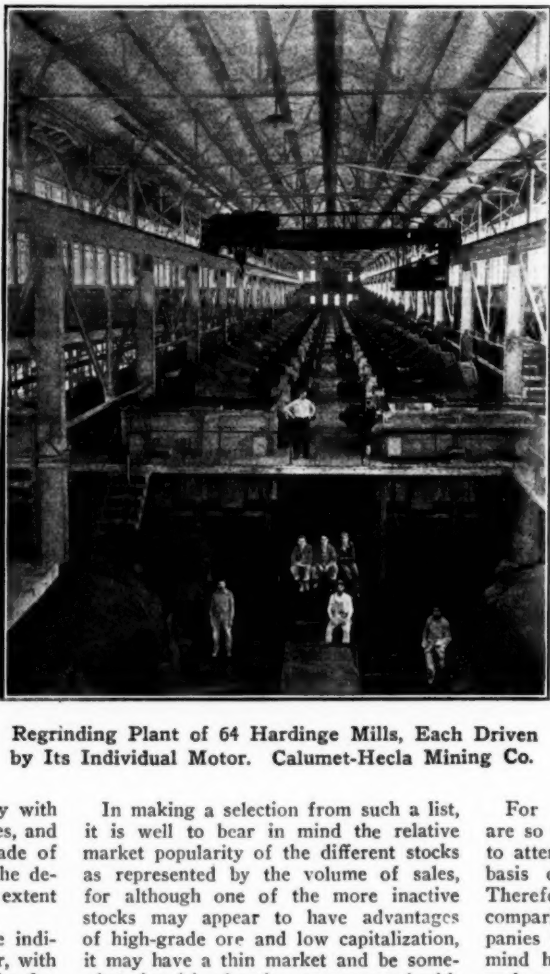
By C. S. HARTLEIGH

THOSE who desired to buy copper stocks before the last advance, and failed to satisfy their requirements until it appeared too late to secure these issues at attractive prices, may now approach the bargain counter again, and by the exercise of a little patience and a prompt decision at right time, they will be able to avail themselves of another opportunity.

In preparation for this new shopping expedition it is well to consider the goods to be offered, and attempt to select such issues as have the best general quality and comparative attractiveness. To assist in this process, we have compiled the accompanying table of copper stock statistics. The estimates of production under future normal conditions are necessarily approximations, and the estimates of cost are based on the latest available information.

The different copper companies have various ways of reporting costs and some do not report them at all. When costs are reported, they may or may not include such items as taxes, depreciation and depletion. Therefore, it is unreasonable to present such figures with any claim to absolute accuracy, especially as they are bound to vary with changes in cost of labor and supplies, and particularly with regard to the grade of ore in the various mines. Also, the depletion charge is influenced by the extent of the ore reserve.

The right-hand part of the table indicates the profit per pound of copper, with the selling price of the metal at the figures stated at the head of the column, and also the estimated profit per share per annum. If the reader wishes to carry the comparison a step further, and secure a factor that is independent of the share price, he may divide the profit per share per annum by the share price, and obtain the estimated profit per dollar of market value, or what amounts to the earnings expressed as the equivalent of an investment yield.



Regrinding Plant of 64 Hardinge Mills, Each Driven by Its Individual Motor. Calumet-Hecla Mining Co.

In making a selection from such a list, it is well to bear in mind the relative market popularity of the different stocks as represented by the volume of sales, for although one of the more inactive stocks may appear to have advantages of high-grade ore and low capitalization, it may have a thin market and be somewhat sluggish of action, as compared with the more active issues such as Anaconda, Utah, Inspiration, Kennecott and Cerro.

It should be apparent that the recent sharp decline was not due to any change in the trend of fundamental developments in the copper industry, but that the coppers were dragged down with the rest of the market under the wave of selling pressure that affected most active stocks, regardless of their industrial position or intrinsic value.

Table Should Be Given Liberal Interpretation

The figures in the accompanying table must be given liberal interpretation, and it should be observed, particularly with regard to the estimates of production, that the system of reporting costs by the different companies lacks uniformity, and that it is quite probable that many of the figures stated in the table are already being shaded by these producers under operating conditions now obtaining. These estimates for the most part represent costs calculated on the basis of the last operations prior to the recent resumptions. It is probable that operations are so improved in some cases as to reduce these estimates anywhere from ½ cent to 2 cents per pound of copper.

The table refers to copper production only, and does not take into account the profits of the various companies that produce other metals, nor has any adjustment been made to credit the cost of copper with the profits resulting from the production of gold and silver. This would be an important item in many cases.

ANACONDA

For example, Anaconda's operations are so varied that it would be confusing to attempt to measure its profits on the basis of its copper production alone. Therefore, in thinking of Anaconda in comparison with many of the other companies listed, it is necessary to bear in mind her numerous industrial activities, such as her manufacture of copper wire, shingles, tubing, and numerous other finished and semi-fabricated products; her important fertilizer industry, white lead manufacture, ferro-manganese, arsenic, and numerous other by-products. **Anaconda has always been one of the market leaders in the copper group, and when purchased near the bottom of a recession in price, it can be depended upon to give a good account of itself so long as the general trend of the**

copper industry remains directed steadily upward as at present.

CALUMET & ARIZONA

Calumet & Arizona is one of the strong companies that conserved its big profits during the war and was able to continue paying dividends through the recent depression. It owns reserves of much better than average grade copper ore, together with its important interest in New Cornelia Copper, assure a profitable life for some years to come.

The company resumed operations early in February, and will no doubt be able to operate on a basis of about 3,000,000 lbs. blister copper a month averaged throughout the last three-quarters of the year. With such a production, it needs to earn a profit of only 4c a lb. to cover its current dividend of $2 a share. **It will be observed that this dividend is well within the limits indicated as probable with the price of copper anywhere above 15 cents.**

CERRO DE PASCO

Cerro de Pasco is producing at the annual rate of about 58,000,000 lbs., which shows an increase over last year's production. The new smelter, which may be completed during the present summer, will enable the company to increase its production to around 70,000,000 lbs. this year, and as the plant has a capacity almost double that of the old smelter, the company's ultimate production may be well in excess of 100,000,000 lbs. of copper per annum. The ore averages around 5 oz. of silver a ton, and if this be credited to the cost of producing copper, the latter factor may be reduced to somewhere between 9 and 10 cents a lb, as compared to the 12 cent estimate appearing in our table. **Cerro is one of the popular coppers, and it may be accumulated during recessions to almost certain advantage.**

CHILE COPPER

Chile Copper Company owns what will in all probability prove to be the greatest copper mine in the world. In spite of its unfavorable income account for the past year, its cost of production is probably destined to become one of the lowest on record. Last year its average cost was around 10.7 cents a lb., the figure used in our table, but many improvements have been made in its methods of treatment, so that during the month of March, 1922, its cost was reduced to the extremely low figure of 7.8 cents a lb., including delivery and selling expense, but excluding depletion and depreciation. This reduction in operating expense was accomplished with the company's plant running at 50% capacity, so that it is reasonable to suppose that very advantageous operating costs may be anticipated during the next year or two.

On any recession in price, Chile shares may be bought with assurance of profit, although the stock is more sluggish than that of many of the other companies, and more patience will have to be exercised in order to secure such profits as are obtainable elsewhere.

One of the chief reasons for this is, of course, the very large capitalization, which may be increased ultimately through the conversion of bonds.

CHINO

Chino's average operating cost per lb. of copper produced during 1921, excluding reserves for Federal taxes and charges for depreciation, and without crediting precious metal values and miscellaneous income, was a little over 15 cents a lb., compared with 13.9 cents a lb. for the previous years. The credit for precious metals amounts to only .05 cents a lb. of copper, and the credit for net miscellaneous income is .52 cents a lb., making a total credit of .57 cents. The net cost of production, after applying these credits, was 14.5 cents a lb. during the year 1921, as compared with 13.33 cents for the previous year. As the company will no doubt be able to equal or shade its record for 1920, we have used the 1920 figure for our table. Up to this time, Chino has been more sluggish in its market behavior than most of the other more popular copper stocks, and in this respect it has **behaved in a manner somewhat similar to other lower-priced issues, such as Nevada and Ray. It is, however, a representative copper issue with good prospects.**

GRANBY

Granby has some attractions that should not be overlooked, in spite of the fact that it is usually not very active, and that it usually has a very thin market. Against these features, which are unattractive in the eyes of the active trader, Granby has advantages of better than average grade ore, and it has been able to reduce its operating cost materially, even during an unfavorable year. During the three-year period of deflation, the company was burdened with heavy tax assessments, which have now been disposed of to the end of 1921. There has been marked improvement in the efficiency of the operating organization, wages have been reduced, and many other expenditures have been curtailed. The production cost was lowered from 15.9 cents a lb. in 1920 to 11.6 cents in 1921.

The company has prepared plans for the reconstruction of a storage reservoir for the development of hydro-electric power during the winter season, to replace that now provided by the operation of a steam plant. This betterment will result in a saving of fuel oil costs alone of about $200,000 per annum. Plans are also in process for the construction of a 1,000-ton concentrator. The company has over 10,000,000 tons of ore in reserve, averaging 2.24% copper. **After dragging along the bottom for several months, Granby shares experienced a rapid advance during the past thirty days and then declined during the recent sharp break. In view of the better than average profits that Granby is likely to make as the price of copper increases, this issue can be accumulated with assurance during recessions.**

GREENE-CANANEA

Greene-Cananea is another copper issue that hibernated for many months prior to its last persistent advance. The MAGAZINE OF WALL STREET called attention to this

(Continued on page 307)

COMPARATIVE PRODUCTION AND COST STATISTICS OF COPPER COMPANIES

			Estimated Future Annual Production Based on Pre-War Production		Market Price of Shares June 12, 1922	Estimated Cost of Production Per Lb. of Copper (Cents)	Estimated Profit Per Pound of Copper — Selling Price of Copper				Estimated Profit Per Share Per Annum — Selling Price of Copper			
Company	Shares	Par	Millions of Pounds Copper	Lbs. Per Share			13c.	14c.	15c.	16c.	13c.	14c.	15c.	16c.
Anaconda	2,331,250	50	220	94.4	51	12.3	0.7	1.7	2.7	3.7	.66	1.60	2.55	3.49
Calumet & Ariz.	642,521	10	60	93.4	65	10.9	2.1	3.1	4.1	5.1	1.96	2.90	3.83	4.76
Cerro	898,229	*	60	†52.7	36	12.0	1.0	2.0	3.0	4.0	.53	1.06	1.58	2.11
Chile	3,800,000	25	230	†42.6	20	10.7	2.3	3.3	4.3	5.3	.98	1.40	1.83	2.26
Chino	869,980	5	60	69.0	29	13.9	0	0.1	1.1	2.1	0	.07	.69	1.45
Granby	150,004	100	30	†142.5	28	11.6	1.4	2.4	3.4	4.4	2.00	3.42	4.85	6.27
Greene	500,000	100	40	80.0	33	13.2	0	0.8	1.8	2.8	0	.64	1.44	2.24
Inspiration	1,181,967	20	80	67.8	40	14.2	0	0	0.8	1.8	0	0	.54	1.22
Kennecott	2,787,078	*	110	39.5	34	10.8	2.2	3.2	4.2	5.2	.87	1.26	1.66	2.05
Miami	747,114	5	50	66.9	28	11.9	1.1	2.1	3.1	4.1	.73	1.41	2.07	2.74
Nevada	1,999,457	5	70	35.0	17	12.4	0.6	1.6	2.6	3.6	.21	.56	.91	1.30
Ray	1,577,179	10	70	44.4	17	15.2	0	0	0	0.8	0	0	0	.35
Seneca	225,000	*	20	89.0	13	10.5	2.5	3.5	4.5	5.5	2.22	3.11	4.00	4.89
Shattuck	350,000	10	2	5.7	10	14.2	0	0	0.8	1.8	0	0	.05	.10
Utah	1,624,490	10	150	92.4	64	13.2	0	0.8	1.8	2.8	0	.75	1.66	2.58

* No par value. † After conversion of bonds.

Speaking of Mergers

By H. I. PHILLIPS

THIS is the open season for merging. Everybody's doing it. Hardly a day passes but what some corporation announces a merger with from one to ten others. At this very moment scores of companies feel mergers coming on ....sort of stealing over them, as it were.

* * *

The idea seems to make one grow where three or four grew before. It applies even to the brokerage houses: you now find but one broker where there were three a few weeks ago. They're merging their houses with the Tombs, Sing Sing and other solid institutions. Sort of submerging, in a manner of speaking.

* * *

To-day you carefully study Hair Oil of North America, Salad Oil Products, American Lard, Inc., and Amalgamated Soupgrease Refining; you decide Hair Oil of N. A. is the only safe company to invest in, and you wake up to-morrow morning to read in the *Times* that they've all merged under the control of American Lard, the one company that looked bad to you. Then you read the terms of the merger.

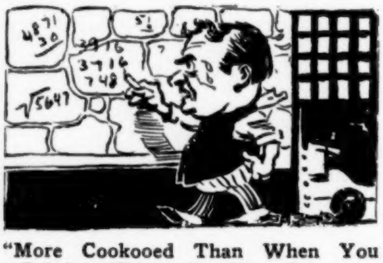
* * *

Five hours later the neighbors find you raving mad and have you carted off to the observation ward where you are pronounced ten points more cookooed than the day you tried to figure out your income tax. Sam Lloyd could make more money explaining the merger terms than he could getting up jig-saw puzzles.

* * *

Even Sam Untermeyer tried to get the real facts in the recent steel merger the other day and has been suffering from acute dizziness ever since. While we write these few lines the news of another flock of mergers assails us over the ticker as follows:

Announcement was made to-day of the

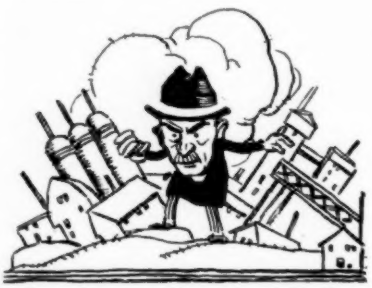


"More Cookooed Than When You Tried to Figure Out Your Income Tax"

merger of Cracker Barrel Products, Pretzel Production Co. and U. S. Bologna Corporation of the United States. The combination will try to restore the free lunch. Holders of ten shares of Cracker Barrell Products will be given fifteen shares of U. S. Bologna and ten pounds of pretzels or ten shares of Pretzel Production Co. and 20 pounds of sliced bologna, as preferred. Stockholders expressed much concern to-day, many of them fearing that all they will get out of the merger will be apple-sauce.

* * *

Following a meeting of the directors of the companies behind swinging doors this noon it was formally announced that American Wrapping Paper, Brown Shoe,



Sam Does a Little Investigating

Consolidated Gas and Manhattan Shirt Co. would merge with Tobacco Products Co. It is figured that by pooling their products the combine can turn out a five cent cigar that will be a lot better than any now on the market. Sentiment in the street is that it can't turn out any worse. An effort is being made to get Barber Shop Sweepings & Refining Corp into the combine. The new combine will operate under the name of National Explosive Company. An extra dividend of four cigars semi-annually is promised. Shareholders in each company are mystified and suspect underhanded deals. "Where there is smoke there must be fire," they say.

* * *

It was rumored on the Stock Exchange floor this noon that Gillette Safety Razor, Case Plow and American Can would merge within the next ten days, pool their experience, and produce a razor that will not not leave a scar over two inches long.

* * *

Washington is investigating a report that American Beet Sugar, American Cotton Oil, United Fruit, Spicer Manufacturing and National Cucumber are considering a consolidation. By merging and working together they should produce, it is figured, a marvelous fruit and vegetable salad. Holders of 10 shares of Beet Sugar will be given twenty shares of Cotton Oil, a pearl-handled knife, a pack of playing cards, a clay pipe and two United Cigar Stores coupons in exchange. Each shareholder in National Cucumber may turn in fifty hares of his stock and get in return a pair of gold-plated cuff links, a pinochle deck, an automatic cigar lighter and a crayon portrait of Henry the Eighth.

The fact that Washington is threatening a Congressional investigation is the best thing in favor of the new combine. It will mean free advertising.

* * *

Booth Fisheries and American Smelt will be merged next Friday or some other fast day, it was announced by two errand boys in the Exchange Buffet lunchroom this afternoon after a long conference. They did not have time to explain the details as both had appointments to steal a couple million dollars worth of Liberty Bonds and deliver them to a prominent crook before the market closed.

* * *

Extra! Goodrich Tires, Lee Tire and Kelly-Springfield directors will meet to-morrow at the Aquarium to pass on a proposition to merge with Owens Bottling and American Horseshoe Nail. Tires are lasting too long and a way has got to be found to puncture more of them. It seems like a great idea. Barbed Wire Products and National Cut Glass, Inc., may come in, too.

* * *

Later (Special ticker service):—That Kirby Petroleum will merge with Otis Elevator was a rumor on the curb this forenoon at the start of trading. This will put Kirby in a better position to drop rapidly.

* * *

Its really getting very alarming the way the urge to merge is spreading. Yet it isn't anything new. The first merger took place in the Garden of Eden when Adam and Eve took over Apple Products.

* * *

There is another rumor of a merger between American Malt, Wurlitzer Schnaaps and National Pretzel. All shareholders will be taken outside the three-mile limit on special excursions. This will be in the form of a quart-erly dividend.

* * *

And as far back as the early Roman

The Bucket Shops Do Some Merging of Their Own

wars, it will be recalled, Chariot Mfg. Co. and Roman Spear & Mace, Inc., merged with the Caesarian Shield, Sandal & Toga Corporation in order to produce war materials more economically.

* * *

So g'wan merge! Who cares? The traffic is getting pretty congested, however, and slow going mergers are requested to keep to the extreme right.

New York Stock Exchange

	Pre-War Period 1909-13 High	Pre-War Period 1909-13 Low	War Period 1914-18 High	War Period 1914-18 Low	Post-War Period 1919-21 High	Post-War Period 1919-21 Low	1922 High	1922 Low	Last Sale June 15	Div'd $ per Share
RAILS:										
Atchison	125⅛	90¼	111¼	75	104	76	102	91¾	98⅛	6
Do. Pfd	106¼	96	102⅛	75	89	72	91⅜	85	91⅛	5
Atlantic Coast Line	148½	102½	126	79⅞	107	77	105½	83	‡102	7
Baltimore & Ohio	122¼	90⅝	96	88¼	55¼	27⅝	51	33½	40⅜	..
Do. Pfd	96	77¼	80	48¼	59½	38½	62	52½	60⅜	4
Canadian Pacific	283	165	220⅛	126	170⅞	101	145	119⅜	135½	10
Chesapeake & Ohio	92	51⅛	71	35⅝	70⅜	46	69¼	54	64	4
Chicago Great Western	36⅞	1¼	17½	6	14½	6¼	10½	5¼	8⅜	..
Do. Pfd	64⅛	28	47½	17½	38⅜	14	24½	14½	20⅜	..
C. M. & St. Paul	165⅜	96¾	107⅛	35	52¾	17¼	29¼	16½	25¼	..
Do. Pfd	181	130½	143	62½	78	29½	46⅝	29	40	..
Chicago & Northwestern	198½	123	136⅞	85	105	60	76⅞	59	72¼	5
Chicago, R. I. & Pacific	..	..	45¾	16	41	22⅝	48⅛	30¾	40⅜	..
Do. 7% Pfd	..	..	94¾	44	89¾	64	98½	83⅛	93½	7
Do. 6% Pfd	..	..	80	35¾	77	54	84⅛	70¼	‡78	6
Cleveland C. C. & St. L.	92¼	34⅞	62⅜	21	61	31⅜	71	54	68	2
Delaware & Hudson	200	147½	159½	87	116	83¼	126	106¼	‡122	9
Delaware, Lack. & W.	340	192½	242	160	260½	93	129½	110½	122	6
Erie	61¼	33½	59½	18¾	21⅛	9½	18¾	7	14⅜	..
Do. 1st Pfd	49¾	26¼	54¾	15⅛	33	15	27⅜	11⅜	21¼	..
Do. 2nd Pfd	39⅛	19½	45⅜	13⅛	23¾	10	20¼	7⅛	16⅜	..
Great Northern Pfd	157⅞	115½	134¾	79¼	100⅜	60	80⅜	70⅛	76	7
Illinois Central	162⅛	102¼	115	85¾	104	80⅜	109⅞	97½	‡103½	7
Kansas City Southern	50¼	21⅜	35⅛	13½	28⅞	13	30¼	22	24	..
Do. Pfd	75½	56	65½	40	57	40	59½	52¾	57	4
Lehigh Valley	121¼	62½	87⅛	50⅜	60¾	39¾	67⅛	56⅝	63⅝	3½
Louisville & Nashville	170	121	141⅞	103	122¾	94	121½	108	‡117	7
Minn. & St. Louis	*65	*12	36	6⅞	24½	5⅜	14½	5	‡11	..
Mo., Kansas & Texas	51⅛	17½	24	3⅛	16⅜	⅜	14	⅝	10¾	..
Do. Pfd	78¼	46	69	6½	25⅛	2	14⅛	1½	‡11	..
Mo. Pacific	*77½	*21½	38½	19⅞	38⅞	11½	25¼	16	2.	..
Do. Pfd	..	..	64⅞	37½	58¾	33⅜	59¾	43½	53¼	..
N. Y. Central	147¼	80⅜	114¼	62½	84¼	64⅛	92⅞	72¾	89	5
N. Y., Chicago & St. Louis	109¾	90	90¾	55	65	23¾	82	51⅝	75½	5
N. Y., N. H. & Hartford	174¾	65⅝	89	21½	40⅞	12	35¼	12⅜	27¾	..
N. Y., Ont. & W.	55⅛	25⅛	35	17	27⅜	16	30½	19¾	24½	2
Norfolk & Western	118⅛	84¼	147⅛	92⅝	112½	84¼	109¼	96¼	106¼	7
Northern Pacific	159½	101¾	118⅞	75	99⅞	61⅛	82½	74	75	5
Pennsylvania	75⅛	53	61½	40¼	48½	32¼	43	33⅝	41⅛	2
Pere Marquette	*36½	*15	38⅛	9½	33½	12⅛	34⅞	19	30	..
Pitts. & W. Va.	..	..	40⅜	17¾	44¾	21⅛	39¼	23	36½	..
Reading	89⅝	59	115½	60⅛	108	60¾	82⅞	71⅛	71⅞	4
Do. 1st Pfd	46¾	41¼	46	34	61	32⅞	57¼	43	49½	2
Do. 2nd Pfd	58¾	42	52	33¾	65½	33¼	59½	45⅞	51	2
St. Louis-San Francisco	*74	*13	50½	21	38⅞	10¾	31¾	20⅝	26	..
St. Louis Southwestern	40⅜	18½	32⅛	11	40	10⅞	32⅜	20½	26¾	..
Do. Pfd	82⅜	47½	65⅛	28	49¾	20⅛	50	32⅜	44¾	..
Southern Pacific	139⅛	83	110	75¾	118⅛	67½	93⅜	78⅛	87½	6
Southern Ry.	34	18	36¾	12½	33¼	17⅜	25¾	17⅛	22¾	..
Do. Pfd	86⅞	43	85¼	42	72½	42	59⅜	45¾	53⅝	..
Texas Pacific	40½	10¼	29½	6½	70⅛	14	35¾	20⅛	27¾	..
Union Pacific	219	187¾	164⅜	101¼	138½	110	142½	125	135½	10
Do. Pfd	118½	79¾	86	69	74¾	61⅛	76⅞	71¼	‡75¾	4
Wabash	*27⅞	*2	17½	7	13⅜	6⅜	14⅜	6	11½	..
Do. Pfd. A	*61¾	*6⅛	60½	30⅞	38	17	34¾	19½	28⅝	..
Do. Pfd. B	..	..	32⅞	18	25½	12½	24	12¼	‡19½	..
Western Maryland	*50	*40	23	9¼	15⅝	8⅜	13½	8¼	11	..
Western Pacific	..	..	25½	11	40	15	24⅞	12⅜	19¾	..
Do. Pfd	..	..	64	35	78	51½	64½	51⅝	61	6
Wheeling & Lake Erie	*12⅞	*2½	27⅜	8	18¼	6¼	16½	6	13⅞	..
INDUSTRIALS:										
Allied Chem.	..	..	..	..	62⅜	34	72⅜	55⅛	67¾	4
Do. Pfd	..	..	..	..	103¾	83	110	101	‡108	7
Allis Chalmers	10	7⅝	49⅜	6	53⅞	26½	52	37¾	47½	4
Do. Pfd	43	40	92	82½	97	67⅛	100	86½	97	7
Am. Agr. Chem.	63⅜	33½	106	47¾	113¾	26½	42⅞	29¾	39	..
Do. Pfd	105	90	103½	89⅛	103	51	70⅛	55¾	67¼	..
Am. Beet Sugar	77	19¾	108½	19	103¾	24½	49	31¾	43⅞	..
Am. Bosch Mag.	..	..	..	..	143⅞	29⅛	49	31¼	42	..
Am. Can	47⅜	6⅞	68½	19¼	68⅝	21¾	51¾	32½	45⅝	..
Do. Pfd	129¼	98	114½	80	107⅜	72	106	93¼	‡103	7
Am. Car & Fdy	76½	36½	98	40	151¼	84⅛	169	141	157⅜	12
Do. Pfd	124¾	107½	119⅛	100	119	105¾	121½	115½	118¼	7
Am. Cotton Oil	79¼	33½	64	21	67½	15⅛	30½	19⅛	26	..
Do. Pfd	107½	91	102¼	78	93	35½	61	41	55½	..
Am. Drug Synd.	..	..	..	..	15⅛	4	6½	4½	‡5⅜	..
Am. Hide & L.	10	3	22⅛	2½	43⅛	5	17⅜	12	13⅝	..
Do. Pfd	51⅞	15⅛	94⅞	10	142⅜	35	73	58	67¾	..
Am. Ice	..	..	49	8⅞	83½	37	114½	78	104	7
Am. International	..	..	62¾	12	132¼	21¼	50½	38⅛	41⅜	..
Am. Linseed	20	6⅞	47¾	20	95	17¼	40½	29⅜	33⅜	..
Am. Loco.	74¾	10	98¼	46⅝	117½	58	117⅜	102	109½	6
Do. Pfd	122	75	109	98	115	96½	118	112	‡114	7
Am. Safety Razor	..	..	..	..	22	3½	8⅜	3⅝	6⅜	..
Am. Ship & Com.	..	..	..	..	47½	4¾	25⅛	5½	18⅞	..
Am. Smelt. & Ref.	105½	56⅜	123¾	50¼	89¾	29¼	67½	43⅜	58¼	..
Do. Pfd	116¾	98¼	118⅛	97	109⅝	63¼	99	86⅛	97½	7
Am. Steel Fdys.	74½	24⅛	95	44	50	18	40⅛	30¾	35⅛	3
Do. Pfd	..	..	..	..	96½	78	100	91	‡95¼	7
Am. Sugar	136⅜	99⅞	126⅜	89⅛	148⅜	47⅝	81¼	54⅛	70	..
Do. Pfd	133½	110	123½	106	119	67½	107	84	104¾	7
Am. Sumatra Tob.	..	..	145¾	15	120½	28½	47	23¼	36½	..
Do. Pfd	..	..	103	75	105	64¾	71	52½	63	..
Am. Tel. & Tel.	153⅜	101	134½	90⅜	119½	92⅛	124½	114½	122¾	9
Am. Tobacco	*530	200	256	123	314½	104⅛	145½	129⅛	139	12
Do. B.	..	..	..	..	210	100⅛	142½	126	136¾	12
Am. Woolen	40⅜	15	60⅞	12	169½	55½	95½	78¼	88¼	7
Do. Pfd	107¾	74	102	72½	110¾	88½	108⅞	102½	106½	7
Anaconda	54⅜	27½	105⅜	24¼	77⅞	30	57	47	51	..
At. Gulf & W. I.	13	5	147¾	4½	192⅝	18	45⅜	23½	36½	..
Do. Pfd	32	10	74¾	9⅞	76½	15¾	31⅛	16½	26	..
Baldwin Loco.	60¾	36½	154½	26⅝	156¼	62¼	120¼	92¾	110½	7
Do. Pfd	107½	100¼	114	90	111⅞	92	114½	104	‡110	7
Bethle. Steel B	*51⅛	*18¾	155½	59¾	112	41½	82¼	55½	74½	5
Do. 7% Pfd	80	67	186	68	108	87	101	90⅞	‡96	7
Do. 8% Pfd	..	..	110⅜	92½	116	90	116⅜	104	‡113	8
Calif. Packing	..	..	50	30	87½	48¼	80⅞	68	75	6
Calif. Petro.	72⅛	16	42⅜	8	56⅞	15⅜	71⅞	43⅛	59¾	..

Price Range of Active Stocks

	Pre-War Period 1909-13		War Period 1914-18		Post-War Period 1919-21		1922		Last Sale	Div'd $ per
	High	Low	High	Low	High	Low	High	Low	June 15	Share
INDUSTRIALS—Continued:										
Calif. Petro. Pfd	95½	45	81	29½	88	63	98¼	83	96½	7
Central Leather	51¾	16½	123	25⅞	116½	22⅛	41⅞	29⅜	36⅞	..
Do. Pfd	111	80	117½	94⅞	114	57⅛	74¾	63⅝	70	..
Cerro de Pasco	..	..	55	25	67½	23	40⅞	32¾	35¼	..
Chandler Mot	..	..	100⅞	56	141¼	38¾	79¼	47¾	73	6
Chile Copper	..	..	39¾	11¼	29¾	7¼	23⅛	15⅛	19¾	..
Chino Copper	50⅜	6	74	31⅜	50⅞	16⅜	33⅜	25⅜	28⅜	..
Coca Cola	..	..	..	..	43⅜	18	72¼	41	63	4
Colum. Gas & E.	..	..	54⅛	14¾	69	39¼	89⅞	64⅜	84½	6
Columbia Graph	..	..	*168	*97	75¼	2⅜	5¾	1¼	4¾	..
Consol. Cigar	..	..	..	..	80	13½	33	18⅝	32⅛	..
Consol. Gas	105¼	114½	150½	112½	106⅜	71⅜	123½	85	116¼	7
Corn Prod	26½	7⅜	50½	7	105¼	46	108¼	91¼	101¼	6
Do. Pfd	96½	61	113½	58⅛	112	96	117	111	‡114	7
Crucible Steel	19⅜	6½	109⅞	12¼	278½	49	77⅛	52¾	69	..
Cuba Cane Sugar	..	..	76⅜	24⅞	59⅜	5⅜	19¼	8⅛	16	..
Cuban Amer. Sugar	*58	*33	*273	*38	*605	10⅞	27⅛	14½	23½	..
Fisk Rubber	..	..	..	..	55	8⅜	19½	11¼	15⅜	..
Freeport Tex	..	..	70½	25¾	64⅜	9½	26⅞	12¼	23⅛	..
Gen'l Asphalt	42⅞	15½	89⅜	14¼	160	32½	67⅞	55⅛	58	..
Gen'l Electric	188½	129¾	187¼	118	176	109½	168	136	164½	8
Gen'l Motors	*51¾	*25	*850	*74½	42	9⅜	15	8½	14	..
Do. 6% Pfd	..	..	99½	72¾	95	63	83	69	‡81	6
Do. 6% Deb	..	..	..	..	94¾	69	83	67¼	81	6
Do. 7% Deb	..	..	..	..	94	69	96	79½	‡94	7
Goodrich	86½	15½	80¼	19⅜	93⅜	26⅜	44⅞	34½	39	..
Do. Pfd	109¾	78⅛	116¾	79⅞	109½	62½	91	80½	‡88	7
Gt. Nor. Ore	88½	25½	50⅜	22½	52¾	24⅞	45⅝	31⅜	38½	4
Houston Oil	25½	8¼	86	10	116½	40½	85	70	74	..
Hupp Motors	..	..	11¾	2½	23¾	4⅜	21	10⅞	19⅛	1
Inspiration	21⅜	13⅞	74¾	14¾	68⅞	28	45	37½	39⅝	..
Inter. Mer. Marine	9	2⅛	50⅞	⅜	67¾	7⅛	27½	13¼	19⅜	..
Do. Pfd	27⅜	12½	125⅜	8	128½	86	87⅜	62¼	72½	6
Inter. Nickel	*227¼	*135	57½	24½	33⅞	11⅛	19⅜	11¼	16⅛	..
Inter. Paper	19¾	6½	75½	9½	91¾	30¼	54¼	43½	46⅞	..
Invincible Oil	..	..	..	..	47¼	5½	20⅜	12⅞	15½	..
Island Oil	..	..	..	..	7¼	2	3¼	⅜	1	..
Kelly Springfield	..	..	85¼	36⅞	164	25½	53¾	34¼	46¼	..
Do. 8% Pfd	..	..	101	72	110¼	70¼	107¾	90½	‡103	8
Kennecott	..	..	64¼	25	43	14⅝	39⅝	25½	33⅝	..
Keystone Tire	..	..	46½	11	126¾	8¼	24⅜	15½	16¼	..
Lackawanna Steel	55½	28	107	26½	107¾	32	61⅝	44	70½	..
Loews, Inc	..	..	..	..	38⅜	10	18⅝	11	15	..
Loft, Inc	..	..	..	..	28	7¾	14¼	11	12⅜	1
Mexican Pet	90½	41¾	129¾	46½	264	84½	142¾	106¾	134¾	12
Miami Copper	30¼	12¾	49⅜	16½	32¾	14⅛	31⅜	25¾	28½	2
Middle States Oil	..	..	..	..	71¾	10	16	11⅝	14	1.20
Midvale Steel	..	..	98½	89½	62¼	22	45½	27⅛	32	..
Nat'l Lead	91	42½	74⅜	44	94½	63¼	96⅝	55	92¾	6
N. Y. Air Brake	98	45	186	55⅞	145¾	47½	80	57	‡72	..
N. Y. Dock	40¼	8	27	9¼	70¾	16¼	46	28	38¼	2½
North American	*87⅞	*60	*81	*38⅞	46	32¼	67⅜	44⅛	61⅞	5
Do. Pfd	..	..	..	..	41½	31⅞	44⅞	38	42¾	3
Pacific Oil	..	..	..	..	50⅜	27½	69⅜	44⅜	58	3
Pan. Amer. Pet	..	..	70¾	35	140¼	38⅛	73	48⅞	66¼	6
Do. B.	..	..	..	..	111¾	34⅛	66⅛	44	60⅛	6
Philadelphia Co	59¼	37	48⅜	21½	48	26½	50	31½	37⅝	3
Phillips Pet	..	..	..	..	44½	16	50	28¼	50½	2
Pierce Arrow	..	..	65	25	99	9¼	25⅛	13½	19¾	..
Do. Pfd	..	..	100	88	111	21	49	27⅞	38½	..
Pittsburgh Coal	*29¾	*10	58¾	37½	74⅜	45	68	58⅞	62	5
Pressed Steel Car	56	18½	88¼	17¼	113¾	48	83¾	63	76⅛	..
Do. Pfd	118	88½	109⅛	69	106	83	100⅞	91	98½	7
Punta Aleg. Sug	..	..	51	29	120	24¾	53¼	30¾	47¼	..
Pure Oil	..	..	143⅞	31⅞	61⅜	21½	38⅝	29½	30¾	2
Ry. Steel Spg	54½	22¼	78¼	19	107½	67	104¼	94	100⅛	8
Do. Pfd	113⅜	90¼	105½	75	112	92½	115¼	108¼	‡108¼	7
Ray Cons. Cop	27½	7½	37	15	27½	10	21	13½	16⅝	..
Replogle Steel	..	..	..	..	93½	18	41	25½	32	..
Republic I. & S.	49½	15¾	96	18	145	41⅛	78½	46¼	67⅞	..
Do. Pfd	111¼	64½	112⅜	72	106¾	75¾	95¾	74	‡89	..
Republic Motors	..	..	77	81	74½	5	14⅜	4½	11	..
Royal Dutch N. Y.	..	..	86	56	123¾	40½	67	47¼	58⅝	5.20
Shell T. & T.	..	..	..	..	90¼	30⅜	48½	37⅝	41	.83½
Sinclair Con. Oil	..	..	67⅛	25¼	64¼	16½	38¾	18¾	32¾	2
Sloss Shef. Steel	94⅜	23	93¼	19½	89	32½	54½	34½	41	..
Stand. Oil N. J.	*448	*322	*800	*355	212	124½	198¾	169	182½	5
Do. Pfd	..	..	..	..	114½	100⅛	116¼	113⅜	115¼	7
Stromberg Carb	..	..	45¼	21	118¾	22⅛	50⅝	35¼	47	..
Studebaker	49½	15¾	195	20	151	37¾	126⅝	79⅛	121⅜	7
Do. Pfd	98⅛	64½	119½	70	104½	76	115	100	115½	7
Superior Steel	..	..	96	30¼	60	26	39½	26	‡31	..
Tenn. Cop. & Chem	..	..	21	11	17⅛	6¼	12¾	9⅝	11⅛	..
Texas Co.	144	74½	243	112	57¾	29	50⅝	42	46½	3
Tex. Pac. C. & O.	..	..	..	..	195	15¾	32¾	23	26⅜	1
Tobacco Prod	145	100	82⅜	25	115	45	82	58¼	78¼	6
Transcontl. Oil	..	..	..	..	62⅜	5⅜	20½	7½	15⅛	..
United Fruit	208½	126½	173	105	224⅞	95¾	143½	119¼	137¼	8
Un. Retail Stores	..	..	..	..	119¼	45¼	71¼	43¼	63⅝	..
U. S. Food Prod	41⅜	9¾	64¾	5⅛	91⅜	8½	10½	2⅜	9¼	..
U. S. Ind. Alco	57¼	24	171½	15	167	35¼	60	37	51	..
U. S. Rubber	69½	27	80½	44	143⅜	40½	67½	51⅜	59⅜	..
Do. Pfd	123½	98	115¼	91	119½	74	106	99	‡104½	8
U. S. Smelt. & R.	59	30⅜	81½	29	78¼	26	45¼	32¾	40⅝	..
U. S. Steel	94⅞	41¼	136⅜	38	115½	70¼	103¼	82	97⅜	5
Do. Pfd	131	102½	123	102	117½	104⅛	120	114¼	119	7
Utah Copper	67½	38	130	48½	97½	41⅛	69¼	60⅜	63¼	2
Vanadium	..	..	..	..	97	25⅛	53	30¼	44¾	..
Va.-Caro. Ch.	70⅜	22	60¼	15	92½	20¾	36⅞	27½	30¾	..
Do. Pfd	129½	62	115⅜	80	115⅞	57⅜	80⅛	67	68	..
Western Union	86¼	56	105½	53⅜	94	76	99½	89	‡97½	7
Westinghouse Mfg	45	24¾	74⅞	32	59⅞	38⅞	64	49⅛	58⅝	4
White Motors	..	..	60	30	86	29¼	51⅜	25⅛	48½	4
Willys Overland	*75	*50	*225	15	40¾	4⅛	10	4½	8¼	..
Wilson Co	..	..	84¼	42	104⅞	27½	49⅜	27⅛	42	..
Woolworth	177⅞	76⅛	151	81½	139¾	100	167¾	137	‡150	8

* Old stock. ‡ Bid price given where no sales made.

INQUIRIES ON INDUSTRIAL SECURITIES

(*Continued from page 276*)

petition from Europe on certain of its products and, realizing this, it apparently is the intention of the management to more specifically engage in the steel end of the business through its affiliated company, the St. Louis Coke & Chemical Company, which issued $10,000,000 First Mortgage 8% bonds and $2,500,000 six year 8% Debenture notes, part of proceeds of which were used to retire an old issue of $3,000,000 First Mortgage notes of that company. It is reported that the National Enameling & Stamping Company will likewise issue around $15,000,000 in bonds to further carry out this purpose. Under these circumstances, we are not particularly impressed with the recent rise in the price of the stock to 53 and consider there are more attractive speculative opportunities in other dirctions. It is impossible to accurately place the book value of the stock, inasmuch as the balance sheet does not differentiate from its other properties items of patents, good will, trade-marks, etc. We consider the management good, but, if the program indicated above is adhered to, we do not believe that any early resumption of dividends is likely.

UNITED DRUG COMMON

Switch Suggested

As the holder of United Drug common and 1st and 2nd preferred stock I would appreciate your advice as to whether these are good securities to stay with, or if it would be advisable to sell out and buy something else.—B. L. C., Cambridge, Ohio.

We would suggest you hold your United Drug preferred stocks, but at this time, we consider there are better opportunities in other directions than the common stock of the company. A good switch, in our opinion, would be Market St. Ry. Prior Pfd., selling around 58. This stock is paying dividends at the rate of $6 per annum. The speculative factor in the situation is the fact that the city of San Francisco has made a tentative offer of $35,000,000 for the Market Street Ry. properties. This offer, as we understand it, contemplates the payment of around $14,000,000 to retire the bonds of the company and balance in instalments with 5% interest. When it is considered that public-utility corporations face more favorable conditions than for several years past, the fact that this company is now earning its dividend on the prior pfd. stock with a margin to spare and the further contingency of purchase by the city of San Francisco on a basis which would enable the company to retire the bond issue, we consider the stock at the present market as an attractive business-man's speculation.

AMERICAN LA FRANCE

Fire Engine Has Good Record

I hold 500 shares of American La France Fire Engine and would like to have the following information: (1) When was the company started? (2) What does it manufacture? (3) Are there many competitive companies? (4) What has the company's earnings been before 1921? (5) Do they do much business in foreign countries? (6) What figure have they for good-will, patents, etc., among the assets? (6) Do you think it advisable for me to hold the 500 shares?—B. M., Chicago, Ill.

In our opinion you have made an excellent purchase in American La France Fire Engine Company. This company was incorporated in 1912, succeeded a company of the same name incorporated in 1904 which in turn succeeded the International Fire Engine Company. This company manufactures motor fire apparatus, chemical engines, trucks, water carriers, hand fire extinguishers and commercial trucks. This company is the biggest factor in its industry, the manufacture of fire-fighting apparatus, and does not face very severe competition. The great portion of the company's business is done in the United States. In 1921, the company earned $1.46 per share on the common, in 1920 $2.15, in 1919 $2.10, in 1918 $1.09 and in 1917 $1.50. These earnings are based on the present amount of stock outstanding 282,600 shares, par $10. The company carries good will in its balance sheet as approximately $1,500,000 but excluding this the asset value of the common stock is very nearly its par value of $10.

What we like about the stock is that the company appears to have a very steady business as it is well established in its field and there is a steady demand, year in and year out, for its products. We would advise holding the stock.

NATIONAL BISCUIT

Is it High Enough

I have been an investor in the stock of the National Biscuit Co. for a number of years and have always received a good return on my money. In view of the recent big advance in this stock to present price of 147 I can now sell out at a very handsome profit. Would like your advice as to whether it is advisable to take this profit and what would be a good stock to switch into that is in about the same class as National Biscuit.—J. K. L., Pawtucket, R. I.

National Biscuit in the past ten years has averaged 11.05% per annum on the common stock and during this period has paid 7% a year. The company has a remarkably stable earning power and is not much affected by unfavorable industrial conditions which is one reason why the stock has such a good investment standing. It is in very strong financial condition with a working capital of $19,100,000 as compared with a total capitalization of $54,000,000. At 147 the yield as a 7% stock is small but there is no doubt but that the company is in a position to pay larger dividends and the stock is probably well within its real value. In 1921, 13.4% was earned on common.

While we regard National Biscuit favorably it appears to us that there are better opportunities in other stocks that have not moved up so much and believe it

would be a good move on your part to sell out and transfer your funds to some other security. A suggestion is Standard Milling common. This company is one of the largest in the milling business its principal subsidiary being the Hecker-Jones Jewell Milling Co. In the past ten years earnings have averaged 18.31% on the common stock and earnings in the current year are running at the rate of 20%. It is in strong financial condition with a working capital of $8,500,000 as compared with a total capitalization of $19,457,000. Present dividend rate is 8% but extra dividends are paid from time to time and a 2% extra is expected this August. The company has common stock available for a stock dividend and something in this line is anticipated in the near future. Stock is listed on the New York Stock Exchange and is selling around 124. In 1919 and 1920 it sold up to 160.

HAS $5,000 TO INVEST
In Semi-Speculative Securities

Will you please give me recommendation for the investment of $5,000. On the recommendation you gave in your letter of Jan. 27, 1922, I invested in some of the securities and in every case the price has advanced. Considering the changes in the market since that time will you now give me a selection for the investment of $5,000 in semi-speculative securities?—H. F. R., Camp Bragg, N. C.

For the investment of $5,000 in semi-speculative securities, we are pleased to offer the following suggestions:

	Price
Westinghouse Electric, div. $4	59
Chicago Pneumatic Tool, div. $4	66
Associated Drygoods, div. $4	50
Mack Truck 2nd pfd., div. 7%	81
Ajax Tire & Rubber	14

Suggest that you divide the $5,000 among these five securities. They would give you an excellent return on the money and we believe that there should be a material appreciation of the principal if held for six months.

Westinghouse Electric is in very strong financial condition and making excellent profits from the manufacture of Radio equipments and its regular line of business is picking up.

The working capital of Chicago Pneumatic Tool is equal to $66 a share on the stock and there are no bonds or preferred stocks. This company has Chas. M. Schwab management and an excellent record over a long period of years.

The Associated Drygoods earnings have been increasing steadily and in the current year the $4 dividend is expected will be earned with a very large margin to spare. The stock looks cheap at the price.

Mack Truck 7% second preferred gives an excellent return on the money invested and as the company is now earning its dividend on the preferred with a very wide margin to spare and likely to start dividend on the common in the near future, we believe the stock should gradually work up to higher levels.

Ajax Tire through recent financing is in good financial condition and its plants are operating 100% capacity. It is anticipated that $3 a share will be earned on the stock this year.

Current Bond Offerings

THE reactionary character of the security markets during the past two weeks have had no appreciable effect on new offerings of securities with the aggregate volume of the latter running close to the highest figure reached during any similar period this year.

State and municipal issues showed continuance of the heavy demand for such issues which has been a characteristic of this year's dealings. The tax-exempt feature is still considered valuable by many investors who are placing a considerable part of their funds in such issues. The yields run from 3.75 to 6% with the great majority around 4¼%.

The volume of new public utility bonds was fairly heavy. Most of the yields offered averaged around 6% which has been a characteristic of recent bond offerings of this description. There was, however, one issue at 8%, quite out of line with public utility offerings in general, in these days.

Foreign issues were featured by a $25,000,000 offering of Jugoslavia. These bonds, carrying a coupon rate of 8%, were offered at 95½ with a yield of 8.40% to maturity in May 1937.

One of the industrial features has been the offering of Atlantic Refining Co. 5s at par. This yield of 5% is not representative of yields offered by most new industrial bonds which give from 7.00 to 7.50%. The latter figures probably represent average industrial corporation credit today.

The Cleveland Union Terminal Co. guaranteed 5½s offered at a yield of 5.55% marked the railroad issues. The total amount of the bonds was $12,000,000 and they were readily taken by investors.

There has thus far been no statement on the demand for good issues and none is likely to set in as long as money rates continue easy.

NEW BOND OFFERINGS

	Amount	Offered Yield (%)
STATE AND MUNICIPAL		
State of Idaho.....	$485,000	4.00
State of Maryland..	1,500,000	4.10
Rk. Island Cy., Ill..	1,000,000	4.25–4.40
State of Delaware..	500,000	4.25
New Haven, Conn...	2,000,000	4.00–4.05
PUBLIC UTILITIES		
M'chester Tr. L.&P.	$2,059,000	5.40
P.S.C. of Nthrn. Ill.	7,000,000	6.00
Stamford Water....	400,000	4.95
Chippewa Power...	1,800,000	6.12
United Fuel Gas....	1,100,000	6.15
INDUSTRIAL		
Atlantic Ref. Co...	$15,000,000	5.00
Van Sweringen Co.	3,150,000	7.00–7⅛
Stet'n Cutler & Co.	2,500,000	7.30
Firestone Tire & Rubber of Canada....	1,500,000	7.10
FOREIGN		
Kingdom of Serbs, Croats & Slovenes.	$25,000,000	8.40
RAILROAD		
C'land Union Ter..	12,000,000	5.55

IMPORTANT DIVIDEND ANNOUNCEMENTS

Ann. Rate		Am't Declared		Stock Record	Payable
7%	Allied Chem pfd...	1¾%	Q	6-15	7- 1
7%	Allis-Chal pfd......	1¾%	Q	6-24	7-15
$3	Am Bk Note pfd...	75c	Q	6-12	7- 1
$9	Albany & Susq....	$4.50	SA	6-15	7- 1
7%	All America Cables	1¾%	Q	6-30	7-14
$12	Am C & Fy com...	$3.00	Q	6-15	7- 1
$7	Am C & Fy pfd....	$1.75	Q	6-15	7- 1
6%	Am Cigar pfd.....	1½%	Q	6-15	7- 1
$8	Am Express.......	$2.00	Q	6-15	7- 1
10%	Am La Fr F E com	2½%	Q	8- 1	8-15
7%	Am La Fr F E pfd.	1¾%	Q	6-20	7- 1
6%	Am Loco com......	1½%	Q	6-13	6-20
7%	Am Loco pfd......	1¾%	Q	6-13	6-20
12%	Am Snuff com.....	3%	Q	6-14	7- 1
6%	Am Snuff pfd.....	1½%	Q	6-14	7- 1
$3	Am Steel F'dries..	75c	Q	7- 1	7-15
7%	Am Steel F pfd...	1¾%	Q	6-15	6-30
6%	Am Tobacco pfd...	1½%	Q	6-10	7- 1
$7	Am W com & pfd..	$1.75	Q	6-15	7-15
7%	Armour & Co pfd..	1¾%	Q	6-15	7- 1
—	Assoc G & El pfd...	88c	—	6-15	7- 1
$6	Associated Oil.....	$1.50	Q	6-30	7-25
5%	Atchison pfd.......	2½%	SA	6-30	8- 1
$2	Beech Creek R R..	50c	Q	6-15	7- 1
$10	Boston & Albany...	$2.50	Q	5-31	6-30
4%	Brazilian TL&P c.	1%	Q	7-31	9- 1
6%	Brazilian TL&P pfd	1½%	Q	6-15	7- 1
8%	Bklyn Union Gas..	2%	Q	6-19	7- 1
8%	Buf Gen El com...	2%	Q	6-15	6-30
7%	Buf & Susq com...	1¾%	Q	6-15	6-30
4%	Buf & Susq pfd...	2%	SA	6-15	6-30
$5	Bush Terminal com	$2.50	SA	7- 1	7-15
$7	Bush T Bldgs pfd.	$1.75	Q	6-20	7- 1
6%	Bush Ter pfd......	3%	SA	7- 1	7-15
$7	Calif Pet pfd.......	$1.75	Q	5-31	6-15
6%	Canadian G El com	1½%	Q	6-15	7- 1
6%	Celluloid Co com...	1½%	Q	6-16	6-30
7%	Cen States El pfd..	1¾%	Q	6-10	7- 1
$7	Cert'n-td P 1st&2d p	$1.75	Q	6-20	7- 1
$6	Chandler Motor....	$1.50	Q	6-20	7- 1
10%	Chi, Bur & Q.....	5%	SA	6-19	6-26
—	Chi, Ind & L com..	1⅝%	SA	6-30	7-10
4%	Chi, Ind & L pfd...	2%	SA	6-30	7-10
7%	C, N O & T com..	3½%	SA	6-16	6-26
—	Cin, N O & T ext..	3%	Ext	6-16	6-26
$7	Cluett Peabody pfd	$1.75	Q	6-20	7- 1
4%	Colo & So 1st pfd.	2%	SA	6-30	7- 1
$4	Congoleum Co com	$1.00	Q	6-30	7-15
6%	Consumers P 6% p	1½%	Q	6-15	7- 1
7%	Consumers P 7% p	1¾%	Q	6-15	7- 1
7%	Continental C pfd.	1¾%	Q	6-20	7- 1
$2.50	Cosden & Co com.	62½c	Q	7- 3	8- 1
8%	Dayton P & L com	2%	Q	6-20	7- 1
$6	Dayton P & L pfd.	$1.50	Q	6-20	7- 1
12%	Dom Textile com..	3%	Q	6-15	7- 3
7%	Dom Tex pfd.....	1¾%	Q	6-15	7- 3
8%	Du Pont de N com.	2%	Q	6- 5	6-15
6%	Du Pont de N deb.	1½%	Q	7-10	7-25
$3	Elec Stor Bat com..	75c	Q	6-14	7- 1
$3	Elec Stor Bat pfd...	75c	Q	6-14	7- 1
$5	End Johnson com..	$1.25	Q	6-17	7- 1
$7	End Johnson pfd..	$1.75	Q	6-17	7- 1
$2	Fayette Cy Gas....	66⅔c	Q	6-15	6-20
—	Fisher Body pfd...	8% accum		6-21	7- 1
3%	Gen Am Tk C com	1½%	SA	6-15	7- 1
$7	Gen Am Tk C pfd.	$1.75	Q	6-15	7- 1
6%	Gen Ry Sig pfd...	1½%	Q	6-20	7- 1
$6	Gold & Stock Tel..	$1.50	Q	6-30	7- 1
8%	G'nfield T & D pfd	2%	Q	6-15	7- 1
10%	Helme, G. W. Co c	2½%	Q	6-19	7- 1
7%	Helme, G. W. Co p	1¾%	Q	6-19	7- 1
$7	Hendee Mfg Co pfd	$1.75	Q	6-20	7- 1
12%	Hercules P com...	3%	Q	6-15	6-24
7%	Hupp Motor pfd...	1¾%	Q	6-15	7- 1
$8	Illinois Bell Tel...	$2.00	Q	6-29	6-30
6%	Illinois Trac pfd...	1½%	Q	6-15	7- 1
6%	Ingersoll-Rand pfd.	3%	SA	6-16	7- 1
7%	Int Silver pfd.....	1¾%	Q	6-15	7- 1
$5	Int Harvester com.	$1.25	Q	6-24	7-15
4%	Int Harv com stock	2%	SA	6-24	7-25
$6	Kelly-Spg T 6% pfd	$1.50	Q	6-16	7- 1
$6	Kelsey Wheel com.	$1.50	Q	6-20	7- 1
4%	Lackawanna R R..	1%	Q	6- 7	7- 1
10%	Lehigh V R R pfd.	2½%	Q	6-17	7- 1
$1	Loft, Inc..........	25c	Q	6-19	6-30
$7	Loose W B 1st pfd	$1.75	Q	6-19	7- 1
$7	Loose W B 2nd pfd	$1.75	Q	7-18	8- 1
12%	Lorillard, P. com..	3%	Q	6-17	7- 1
7%	Lorillard, P. pfd...	1¾%	Q	6-17	7- 1
$7	Mack T 1st & 2d pf	$1.75	Q	6-20	7- 1
7%	Manati Sugar pfd..	1¾%	Q	6-15	7- 1
$4	Man El Supply com	$1.00	Q	6-20	7- 1
$7	Manhattan S pfd...	$1.75	Q	6-19	7- 1
$6	Market St pr pfd...	$1.50	Q	6-10	7- 1
$6	Mexican S Oil.....	50c	mo	5-10	6-20
$3	Mont P com......	75c	Q	6-14	7- 1
$7	Mont P pfd.......	$1.75	Q	6-14	7- 1
8%	Motor Wheel Corp.	2%	Q	6-10	6-20
7%	National E & S pfd	1¾%	Q	6-10	6-30
5%	Nat Licorice com..	2½%	SA	6-23	7-11
6%	Nat Licorice pfd...	1½%	Q	6-23	6-30
$2	Nat Transit.......	50c	Q	5-31	6-15
$5	N Y, C & St L 1st p	$1.25	Q	6-19	6-30
—	N Y, C&StL com..	2½%	—	6-19	6-30
$6	Niagara F P Co c..	$1.50	Q	6- 6	6-15
$7	Niagara F P Co pfd	$1.75	Q	6-30	7-15
5%	Northern Pacific...	1¼%	Q	6-30	8- 1
8%	Orpheum Cir pfd..	2%	Q	6-15	7- 1
8%	Otis Elev com.....	2%	Q	6-30	7-15

IMPORTANT DIVIDEND ANNOUNCEMENTS

Ann. Rate		Am't Declared		Stock Record	Payable
6%	Otis Elev pfd......	1½%	Q	6-30	7-15
$2	Owens Bottle com.	50c	Q	6-15	7- 1
$7	Owens Bottle pfd..	$1.75	Q	6-15	7- 1
7%	Paige-Det M pfd..	1¾%	Q	6-15	7- 1
8%	Panhandle P & R p	2%	Q	6-20	7- 1
$7	Penney, J. C. pfd..	$1.75	Q	6-20	6-30
8%	Pitts P Glass com.	2%	Q	6-15	7- 1
$6	Public S Corp com	$1.50	Q	6-15	6-30
$5	Pure Oil 5½% pfd.	$1.25	Q	6-15	7- 1
$6	Pure Oil 6% pfd...	$1.50	Q	6-15	7- 1
$8	Pure Oil 8% pfd...	$2.00	Q	6-15	7- 1
8%	Reading Co com...	2%	Q	7-18	8-10
4%	Reading Co pfd...	1%	Q	8-29	9-14
4%	St L R Mtn & P c.	1%	Q	6-17	6-30
5%	St L R Mtn & P pf	1¼%	Q	6-17	6-30
$8	So P R Sugar pfd.	$2.00	Q	6-15	7- 1
12%	Swift Inter pfd....	6%	SA	7-15	8-15
$7	Tobacco Pdts pfd..	$1.75	Q	6-15	7- 1
20%	Tonopah Ext Min..	5%	Q	6-10	7- 1
6%	Tri-City Ry & L pfd	1½%	Q	6-20	7- 1
4%	Twin City R T com	2%	SA	6-15	7- 1
7%	Twin City R T pfd	1¾%	Q	6-15	7- 1
10%	Underwood T com.	2½%	Q	6- 3	7- 1
7%	Underwood T pfd..	1¾%	Q	6- 3	7- 1
$3	U S Tobacco com..	75c	Q	6-19	7- 1
5%	U S Steel com.....	1¼%	Q	5-29	6-20
6%	W Pac R R Corp pf	1½%	Q	6-19	7- 1
6%	W Penn Rys pfd..	1½%	Q	6- 1	6-15
6%	W P TR&W pr pfd	1½%	Q	8- 1	8-15
7%	Western Elec pfd..	1¾%	Q	6-15	6-30
$4	Wisconsin Edison..	$1.00	Q	6-15	6-30
—	Yale & Towne Mfg	[illegible]%	—	6-17	7- 1

UNLISTED UTILITY BOND INDEX

GAS AND ELECTRIC COMPANIES

	Asked Price	Yield
Bronx Gas & Electric Co. First 5s, 1960 (a)	80 bid	6.42
Buffalo General Electric First 5s, 1939 (c)	99½	5.15
Canton Electric Co. First 5s, 1937 (b)	94	5.42
Cleveland Electric Ill. Co. 5s, 1939 (b)	98	5.20
Cleveland Electric Ill. Co. 7s, 1935 (a)	98½	5.12
Denver Gas & Electric Co. First 5s, 1949 (c)	95	5.45
Duquesne Light Co., Pittsburgh, 7½s, 1936 (b)	107	6.45
Evansville Gas & Electric Co. First 5s, 1932 (a)	95	5.90
Kansas Elec. Utility First 5s, 1925 (c)	82 bid	10.50
Indianapolis Gas Co. 5s, 1952 (a)	88	5.80
Los Angeles Gas & Electric Gen. 7s, 1931	105	6.30
Louisville Gas & Elec. Ref. 7s, 1932, 1923 (c)	101½	5.40
Nevada-Cal. Electric First 7s, 1946 (c)	97	6.25
Oklahoma Gas & Electric Co. First & Ref. 7½s, 1941 (c)	104	7.11
Oklahoma Gas & Electric Co. First Mtge. 5s, 1929 (a)	103	7.30
Peoria Gas Electric 5s, 1923 (a)	99	6.05
Rochester Gas & Electric Corp. Series B 7s, 1946 (b)	107½	6.52
San Diego Cons. G. & El. First Mtge. 5s, 1939 (a)	87	6.40
San Diego Cons. G. & El. First Mtge. Ref. 6s, 1939	95	7.10
Standard Gas & Electric Conv. S. F. 6s, 1926 (b)	96	7.20
Standard Gas & Electric Secured 7½s, 1941 (c)	100	7.50
Syracuse Gas Co. First 5s, 1946 (a)	94	5.32
Twin-State Gas & Electric Ref. 5s, 1953 (c)	80	6.50

POWER COMPANIES

Adirondack P. & Lt. First & Ref. 6s, 1950	100	6.00
Adirondack El. Power Co. First 5s, 1962	95	5.35
Alabama Power Co. First 5s, 1946 (a)	91½	5.65
Appalachian Power Co. First 5s, 1941 (a)	88	6.10
Calif. Oregon P. Co. First & Ref. 7½s, Series A, 1941 (c)	104	7.10
Cent. Maine P. Co. First & Gen. Mtge. 7s, Series A, 1941	103	6.72
Cent. Maine Power Co. 5s. 1939 (a)	96	5.12
Cent. Georgia Power Co. First 5s, 1938 (c)	89	6.15
Columbus Power Co. (Georgia) First 5s, 1936 (a)	94	5.62
Colorado Power Co. First 5s, 1953 (c)	89	5.85
Consumers Power Co. (Mich.) 5s, 1936 (a)	95½	5.60
Electric Dev. of Ontario Co. 5s, 1933 (b)	96	5.40
Great Northern Power Co. First 5s, 1935 (a)	89	6.30
Great West. P. Co. First & Ref. 7s, Series B, 1950 (a)	105	6.60
Great West. P. Co. 5s, 1946 (a)	93½	5.50
Hydraulic Power Co. First & Imp. 5s, 1951 (b)	97	5.20
Idaho Power Co. 5s, 1947 (a)	92	5.60
Kansas City Power & Lt. 8s, 1940 (c)	106	7.40
Kansas City Power & Lt. First 5s, 1944 (c)	95	5.42
Laurentide Power Co. First 5s, 1946 (b)	95	5.40
Madison River Power Co. First 5s, 1935	99	5.13
Mississippi River Power Co., First 5s, 1951 (c)	93	5.40
Niagara Falls P. Co. First & Cons. Mtge. 6s, 1950 (b)	100½	5.99
Ohio Power First & Ref. 7s, 1951 (c)	104	6.65
Penn. Ohio Power & Lt. Notes 8s, 1930 (c)	101	7.80
Potomac Electric Power Gen. 6s, 1923 (c)	101	4.90
Puget Sound Power Co. First 5s, 1933	95	5.60
Salmon River Power First 5s, 1952 (c)	95	5.30
Shawinigan Water & Power Co. First 5s, 1934 (b)	100	5.00
Southern Sierra Power Co. First 6s, 1936 (c)	96	0.37
S. W. Power & Lt. First 5s, 1943 (c)	87½	6.12
West Penn. Power Co. First 7s, 1946 (c)	105	6.60

TRACTION COMPANIES

Arkansas Valley Ry. L. & P. First & Ref. 7½s, 1931 (b)	100	7.50
American Light & Traction Notes 6s, 1925 (c)	108	3.15
Bloomington, Dec. & Champ. Ry. Co. First 5s, 1940 (a)	70	8.20
Danville, Champ. & Decatur 5s, 1938 (a)	85	6.25
Georgia Ry. & Power 5s, 1954 (b)	89	5.65
Kentucky Traction & Terminal 5s, 1951 (a)	77	7.00
Knoxville Ry. & Light 5s, 1946 (b)	85	6.20
Milwaukee Light, Heat & Traction 5s, 1929 (a)	93 bid	6.25
Milwaukee Elec. Ry. & Light 7s, 1923 (c)	102	4.93
Milwaukee Elec. Ry. & Light 7½s, 1941 (b)	103	7.20
Monongahela Val. Trac. Co. Gen. Mtge. 7s, 1923 (c)	100	7.00
Memphis St. Ry. 5s, 1945 (a)	82	6.50
Northern Ohio Trac. & Lt. 6s, 1926 (c)	100½	5.80
Nashville Ry. & Light 5s, 1953 (a)	92	5.50
Portland Ry. P. & L. 1st & Ref. Ser. "A" 7½s, '46 (c)	105	7.10
Topeka Ry. & Light Ref. 5s, 1933 (c)	85	6.80
Tri-City Ry. & Light 5s, 1930 (c)	91	6.25
United Light & Rys. Ref. 5s, 1932 (c)	85	7.10
United Light & Rys. Notes 8s, 1930 (c)	104	7.05

TELEPHONE AND TELEGRAPH COMPANIES

American Tel. & Tel. 3-Year 6s, 1922 (c)	101	4.50
American Tel. & Tel. 5-Year 6s, 1924 (c)	101½	5.15
Bell Tel. Co. of Canada 1st 5s, 1925 (b)	96¼	6.50
Bell Tel. Co. of Canada 1st 7s, 1925 (b)	103½	5.72
Bell Tel. Co. of Pa. 1st Refund. 7s, 1945 (c)	109¼	6.12
Chesapeake & Potomac Tel. Co. Va. 1st 5s, 1943 (c)	95	5.30
Home Tel. & Tel. Co. of Spokane 1st 5s, 1936 (c)	95	5.52
Western Tel. & Tel. Co. Coll. Trust 5s, 1932 (b)	97	5.35

* Investors should note that the "asked" price on a bond may vary from 1 to 5 points from the "bid," depending upon the activity of the security.

PUBLIC SERVICE CORP. OF N. J.

Doing Better—A Return of 7% Can be Had on One of Its Bond Issues

By JAMES N. PAUL

PUBLIC SERVICE CORP. OF NEW JERSEY has shown remarkable improvement in earning power this year which has been reflected in higher prices for its securities. The better earnings have also resulted in an increased dividend for the common stock which three months ago was placed on a $6 annual basis. Despite the upward movement in its securities, there are still two of its bond issues which at present show a yield of better than 6%.

There are $10,000,000 of the Secured 7% bonds due December 1, 1941, which at present selling price of 101 show a yield of almost 7%. Bonds are redeemable up to 1926 at 107½ and thereafter at a premium of ½% for each year. They are a direct obligation of the corporation and secured by deposit of $14,000,000 mortgage 5s and $5,000,000 capital stock of Public Service Electric Corp., its subsidiary. These bonds are traded in on the New York Curb market.

The general mortgage 5s due October 1959 constitute a first lien on all properties. They are traded in on the New York Stock Exchange and at present selling price of 83 show a yield of 6.10% if held to maturity. They should be attractive as a long-term investment proposition with a relatively good yield.

Public Service Corporation with its subsidiaries is one of the largest public utility properties in this country operating gas, traction and electric systems throughout the greater part of New Jersey. Its earnings this year are showing remarkable increase. Statement for four months ended April 30, 1922, showed operating revenues of $25,903,908 compared with $25,280,039 for the same period of last year. Net income this year amounted to $2,020,270 equal on an annual basis to better than $16 a share on the common stock compared with $1,038,068 for the same period of 1920 equal to $9 a share on the stock. An increase in the dividend rate on the common may be forthcoming later in the year.

Pacific Gas & Electric

Pacific Gas & Electric Co., one of the largest hydro-electric companies and operating on the Pacific coast is also showing up well. Its gross is showing rapid increase with a corresponding improvement in net. Actual earnings for the first quarter of this year were at an annual rate of approximately $8.50 a share on the common stock against $6.30 earned in 1921. The general and refunding 5s due 1942 which are a lien on all properties have recently shown some activity on the New York Stock Exchange. They are considered a high-grade investment. Selling around 90, the yield is around 5.80% if held to maturity.

FOREIGN TRADE AND SECURITIES

(*Continued from page* 257)

of money from Germany, and this outlook will continue until her expenditures have been brought within the boundaries of her receipts. The fact that she is planning expenditures this year which under the most favorable circumstances will result in a deficit of from six billion to ten billon francs indicates that she has not given up hope of receiving large sums from Germany.

Sentiment Less Favorable

There is another factor in this question that has had considerable influence on the price of French bonds. A few years ago, in fact, at the time of the signing of the armistice, the feeling for France in this country was exceptionally favorable. If anything, the people of the United States had considerable more love for France than they did for England. Since that time, however, there has been an important change in sentiment. This became most pronounced at the time of the Washington Conference on the limitation of armaments. England sent to that conference one of the best organized and most skillful body of publicists that any country had ever sent to an international gathering. These men understood the American public as well as most of our best equipped men. The British delegation fell into the spirit of the conference from the very start, and it is doubtful if the conference would have been as successful as it was had it not been for the co-operation given by the British delegation to the American State Department.

Unfortunately the attitude of France was poorly presented. The French claims were unquestionably just but they did not strike a chord of sympathy with the American public. France realized this and has since made efforts to overcome the unfavorable comment that grew out of the conference. Events since that time, however, have if anything tended to add to the feeling that developed last December and January. While the rest of the world has been waiting anxiously for a settlement of the European situation, the feeling has grown that France is the stumbling block in the path of recovery. At Genoa and again at the recent conference of bankers in Paris, held for the purpose of considering a loan to Germany, it was France that appeared to the public to be the one country that prevented satisfactory solution of the problems considered.

A Difficult Problem

It should be remembered in connection with this phase of the situation that the French political leaders have a most difficult problem to solve. The French people are very bitter about the devastation done to their country by the Germans. They feel that they should be well repaid for these damages, and they insist upon a strict interpretation of the treaty of Versailles. No French cabinet can hold its position without reflecting this view with the people. It was because the Briand cabinet was suspected of compromising with the views of England and the United States that Briand had to resign.

All economists are in an agreement that France will ultimately have to compromise on the reparations question. Reading between the lines of recent international political events, it may be seen that this compromise is gradually being developed. Until some solution is effected, not only of the German reparations question but also of the problem of making a loan to Germany and of the proper solution of the Russian situation, French bonds will continue ot sell at a wide differential from British bonds. As stated above, Great Britain is not dependent to any great extent for her financial future upon a quick settlement of these problems. To France, however, they mean more than can possibly be expressed in figures.

HOW TO INVEST $10,000

(*Continued from page* 274)

into a discussion of the individual securities but those familiar with articles which have appeared in previous issues of THE MAGAZINE OF WALL STREET will recognize that most of those securities have already been fully described.

In Small Lots

The investment of $9,820 has been spread over 20 issues *in small lots.* It will be noticed that the share commitments are no higher than 10 shares for any individual stock issue and no more than $1,000 for any individual bond issue. In that way, a comparatively safe list of securities has been drawn up. Even in the event that one or two of them should go wrong, it is inconceivable that the entire list or any great part of it should go wrong. On the contrary, it is the writer's firm impression that the majority of the issues outlined above will be found selling at materially higher prices before the year is out. Thus the apparent yield of 6.71% as indicated is very likely to be enlarged to above 15%, with ultimate appreciation in the then price of most of these securities.

One of the satisfactory features of this investment list is that it will require very little watching. Few of the issues mentioned herein have a habit of fluctuating widely and whatever market changes will occur are likely to be small and at a gradual pace.

For those not in a position to invest quite as much as $10,000 it is suggested that commitments be pro-rated according to the size of the amount available for investment. All the securities should be bought on a cash basis and placed for safe-keeping in a vault.

THE HUMAN ELEMENT IN BANKING

(*Continued from page 261*)

trained in administering estates and know the requirements of the different States in such matters. Incidentally this fact again is one which probably affects the cost of such service as it cuts down the overhead expense. As in the case of Trusteeships for Bond and Note issues the Trust Company is careful and cautious in the investigation of stock issues for which it accepts the Transfer Agency.

As Registrar of Transfers of the Stock of a Corporation, a Trust Company renders a service that is required by most Stock Exchanges of this country. This service protects the issuing company and the public against fraudulent over-issue.

The Trust Department acting as Escrow Agent probably serves in that capacity because of the confidence of the principals in a Trust Company, they knowing that action will only be taken when the proper conditions are fulfilled.

Every Community has its institutions, associations and foundations, which are valuable assets to it. The people of the Community are naturally interested in them and each person has his particular interest among them. Annually there is given to these Community Institutions great sums of money.

The Trust Company offers its services as Trustee for such funds giving such trusts the benefit of its trained staff for their administration, thus relieving the Boards of Directors of such institutions of much detail. This is a valuable service to those who act in such a capacity as they almost invariably are men and women with numerous interests who can give their time more profitably to the larger policies than the details.

It would be amiss not to mention right here the Community Trust which has grown up in the last few years. It is designed presumably to supervise the distribution of the income which goes to these Community Organizations.

When a person has no particular interest among the many Community Organizations; also when a particular institution goes out of existence, if the Community Trust is named as beneficiary to succeed such an Institution, it will attempt to see that the income so received by it will be applied to substantially the same kind of work. The literature of Community Trusts urge the naming of a Trust Company as Trustee and the Community Trust, as beneficiary of the income for funds given to such institutions.

The Trust Department is the result of a small beginning and its development has been largely brought on by the requirements of its customers. Its possibilities seem without limit—being limited only by the demands on it by people who seek its services.

The value of its services to the Individual, Corporation and Community lies largely in the fact that it offers the experience and service of specialists at a cost that cannot be purchased in any other way.

Over-the-Counter

IMPORTANT ISSUES
Quotations as of Recent Date

Aeolian-Weber	..	— 15
Pfd.	30	— 60
American Piano	66	— ..
Pfd.	83	— 87
American Type Founders	52	— 57
Atlas Portland Cement	57	— 63
Babcock & Wilcox	115	—118
Borden Co.	103	—105
Bucyrus, pfd.	91	— 94
Celluloid Co.	..	—102
Childs Co.	114	—118
Crocker Wheeler	50	— 60
Jos. Dixon Crucible	134	—138
Gillette Safety Razor Co.	210	—215
Ingersoll-Rand	152	—158
H. W. Johns-Manville	431	— ..
New Jersey Zinc	141	—145
Niles-Bement-Pond	48	— 51
Phelps-Dodge Corp'n	170	—180
Royal Baking Powder	105	—111
Singer Mfg. Co.	93	— 95
Stetson (John B.)	313	— ..
Thompson-Starrett	58	— 65
Ward Baking Co.	128	—135
Yale & Towne Mfg.	305	—315

Gillette Safety Razor
An Unusual Opportunity

GILLETTE SAFETY RAZOR has consistently increased its business in every year since 1911.

It has kept its financial organism sound to a degree, and at the present time is in as liquid a position as, and a stronger one than, it ever occupied before.

The company has marketing agencies throughout the world, an established and universally known name, and is one of the greatest single factors in the world's safety razor business. It has ample plant facilities located in the United States.

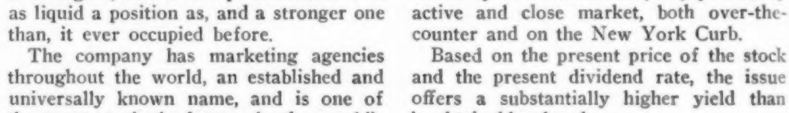
Financial and industrial progress has enabled the directors of the company to reward the "stockholder-partners" (of whom over 60% are in the employ of the concern) with steadily increased dividend disbursements.

The shares, all of one class, and preceded by no funded debt, enjoy a fairly active and close market, both over-the-counter and on the New York Curb.

Based on the present price of the stock and the present dividend rate, the issue offers a substantially higher yield than is obtainable elsewhere.

These facts, which will be amplified by the figures immediately, make Gillette stock appear one of the most attractive investment opportunities available in any market at this time.

The Figures



The figures on Gillette's earnings growth since 1911, showing the amount in each year by which earnings increased over the previous year, are contained in the following tabulation:

Year	Net Earnings (Dollars‡)	Increase Over Previous Year (Per Cent)
1911	$ 934	..
1912	1,156	23%
1913	1,372	18
1914	1,673	22
1915	2,427	45
1916	3,193	31
1917	4,604	44
1918	5,252	14
1919	6,025	14
1920	6,804	12
1921	7,009	3

‡ 000 omitted.

It is noteworthy that the earnings in 1918 and 1919 were, in large part, enhanced by Government purchases of the company's products. Over 4,000,000 razor sets and some 5,000,000 dozen extra blades were purchased by the Government during those two years. Neverthless, despite the complete cessation of such Government buying in 1920, the company was still able to show a 12% increase in net earnings over the previous year.

The earnings for last year (1921) are equally impressive. With depression a fact everywhere else, and little short of a calamity in some quarters, demand for Gillette's products continued to increase, and earnings for the year, far from being less good, were notably better than in 1920. The trend in sales is definitely shown in the following table (000 omitted):

	Sales of— Razor Sets	Blades (Dozens)
1912	405	2,870
1913	398	3,448
1914	351	4,414
1915	452	5,928
1916	782	7,153
1917	1,094	9,619
1918	4,581	12,896
1919	2,316	17,321
1920	2,001	19,051
1921	4,248	19,532

Gillette's dividend record, including ex-

tras, for the five years to date, shows as follows:

1918	$ 9.50
1919	10.00
1920	12.00
1921	12.00 plus 10% stock.
1922‡	12.00 plus 10% stock.

‡Present Rate; two quarterly dividends of $3 cash and 2½% stock each, already declared.

The dividends are payable upon 275,000 shares of stock, without par value, outstanding, against an authorized issue of 500,000 shares. There is no funded debt. The Corporation's current assets, as of Dec. 31 last, included:

Investments	$7,907,698
Inventories	2,932,609
Cash	7,786,780
Total	$18,627,087

Against these current assets, the corporation has a current debt (bills payable) amounting to only a trifle over $265,000! There is a profit and loss surplus of over $5,000,000.

Conclusion

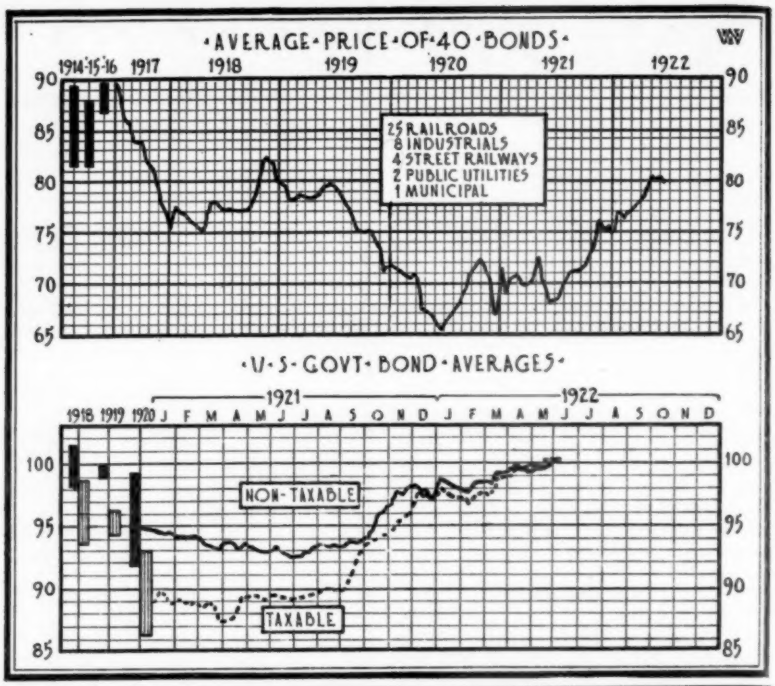
Gillette Safety Razor stock sells over-the-counter and on the Curb at $215 per share. Assuming the disbursement of 10% in stock this year (which would be worth $21 at current price of the stock); and of $12 cash, stockholders are in line to receive a total dividend return of $33. This would mean an income return of well over 15% on the current price of the stock, which is far more than is obtainable from other equally strong securities. If the stock dividend were not maintained, the cash dividend would yield 5.5% on the investment, which is a satisfactory yield for a high-grade investment security.

Gillette stock appears to be an unusual investment opportunity.

NEW SECURITY OFFERINGS

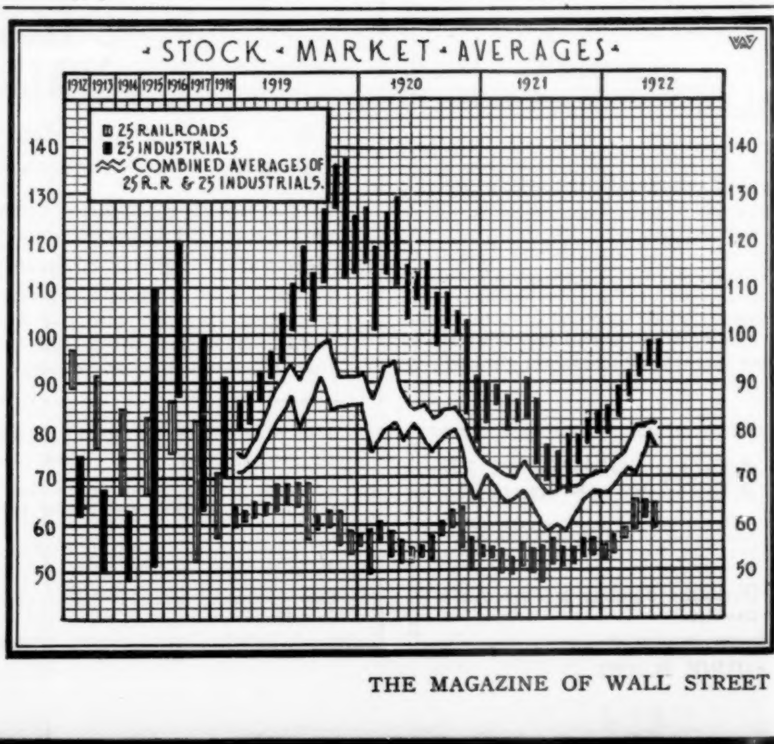
(*Continued from page* 265)

earnings at the present time are reported to be at the rate of $10,000,000 per annum, which is over 16 times the annual interest and sinking fund charges on bonds. Callable at 107 1st year, 106 2nd year, 105 3rd year and ½ less annually thereafter. At offered price of 103 the yield is 7.05% and in view of the large earnings and properties which represent an actual cash investment of $27,422,561 they are entitled to an excellent rating and are attractive at the price.



MARKET STATISTICS

	N.Y.Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	Dow, Jones Avgs. 20 Rails	N.Y.Times —50 Stocks— High	N.Y.Times —50 Stocks— Low	Sales
Monday, June 5..........	80.05	95.98	84.94	81.13	80.27	1,151,666
Tuesday, June 6..........	79.96	95.59	84.78	81.10	80.19	1,080,235
Wednesday, June 7.......	79.96	95.15	84.48	80.56	79.84	1,065,325
Thursday, June 8........	79.89	95.11	84.43	80.41	74,82	727,403
Friday, June 9...........	79.84	93.60	83.37	80.36	78.94	1,186,150
Saturday, June 10........	79.87	93.20	83.25	79.17	78.48	611,910
Monday, June 12..........	79.81	90.73	81.81	78.77	76.59	1,689,090
Tuesday, June 13..........	79.76	92.04	82.76	78.00	76.64	1,178,046
Wednesday, June 14......	79.80	93.08	83.09	78.73	77.74	933,503
Thursday, June 15.......	79.61	91.25	82.28	78.31	76.53	1,302,286
Friday, June 16..........	79.58	91.11	81.91	77.06	75.82	972,052
Saturday, June 17........	79.53	91.45	81.95	77.13	76.48	411,550



POTENTIAL EARNINGS OF THE COPPER COMPANIES

(*Continued from page* 291)

stock in its issue of April 15 last, and pointed out that the company was quietly preparing for further activity. In the case of Greene, the production cost of 14.2 a lb. includes all expenses chargeable against the production of refined copper. **During recessions the stock may be accumulated to advantage, but unless the issue becomes much more active than it has been for many months, it should be purchased on limited orders on account of its very thin market, and its habit of moving a point or more between sales.**

Inspiration

Inspiration was referred to in this Magazine June 10, 1922, where attention was called to its general physical characteristics. Its ore reserve is estimated to contain over 72,000,000 tons, carrying 15 lbs. of copper a ton. This represents a life of about 15 years or more for the property. The operating cost during 1921 averaged around 15.2 a lb., but in all probability this cost will be reduced in the near future by anywhere from 1 cent to 2 cents a lb. as operating conditions improve. **Relatively high costs, however, make this issue rather unattractive.**

KENNECOTT

Kennecott has high-grade ore properties in Alaska, and controls Braden Copper in Chile. It owns also 51% of the capital stock of Mother Lode Coalition Mines, and about 38% of Utah Copper Company. The company is producing at the annual rate of 108,000,000 lbs. at a bare operating cost of about 9 cents a lb. It has been estimated that with a 10,000-ton plant, the company should be able to produce about 130,000,000 lbs. of copper a year, at a cost of about 8 cents a lb. No dividends have been paid since Dec. 31, 1920, but the possibility of resumption of dividends has been discussed recently, although no definite action has been taken. **Kennecott is a fairly attractive long pull issue, but its capitalization is large, and it does not usually offer the quicker speculative possibilities of active issues such as Utah and Anaconda.**

MIAMI

Some time ago, when most of the coppers were near their low levels during the depression, we called attention to Miami as one of the securities that was selling too low. I was pointed out that this was one of the coppers that continued its dividend during the depression, and we expressed the belief that it would be able to continue this disbursement on account of its policy of taking such profits as it could get from month to month by selling its current production.

This forecast proved to be correct, although it must be admitted that Miami

has had no wide market swings such as a speculator would welcome. This is no doubt due to the fact that the stock did not settle down as low as any of the others, in view of its income yield, and therefore it could not look forward to the usual appreciation in price which precedes resumption of dividends by a company whose dividend record has been interrupted. **Miami will no doubt continue to gravitate upward as its earnings increase with the advancing price of copper, but it does not offer the speculative opportunities of some of the more active issues.**

NEVADA

Nevada is one of the lower-priced coppers with large capital issue, and rather sluggish market action. However, during the past year or two underground developments have been quite favorable, and a considerable quantity of higher than average grade ore has been made available. Aside from the commercial value of this new ore, it is quite likely to have the effect of assisting in the reduction of average cost per lb. of copper produced, which cost has already reached a favorable figure as compared to many other operations of a similar character. **Therefore, as a low-priced issue Nevada offers one of the best opportunities in its class, provided the shares are picked up during a period of substantial reaction.**

RAY COPPER

Ray Copper is another low-priced issue with large capitalization. **The large number of shares outstanding and the comparatively high operating cost served to make the action of this stock somewhat sluggish, and it does not appear to offer speculative opportunities comparable to other issues in its class.**

SENECA

Seneca must be regarded as an unseasoned issue that has possibilities of developing into something much more important as its property is developed and as it has an opportunity to make good on its estimates at low cost production. The property has been reported upon favorably by competent engineers, and it has been heralded as the making of an important copper mine. For the sake of conservatism, we have placed the operating cost for this company at 10½ cents a lb., although the company's engineer claims that the mine will eventually have a production of 20,000,000 lbs. of copper at a cost of 9½ cents a lb.

SHATTUCK-ARIZONA

Shattuck Arizona Copper Company's property has been shut down since the middle of last year, and its earnings fell off rapidly in 1917 and 1918, and ran into an increasing deficit thereafter until operations were suspended, there appears to be nothing of special interest to report with regard to this property, except to say that the shares appear to be holding their own at the present low level, on the basis of asset value and speculative possibilities, depending upon further improvement in the copper industry.

UTAH

Utah is one of the foremost of its class, and is too well known to need any comment here. In view of its market leadership, speculative popularity, and ability to take advantage of any copper market by large volume of production under operating costs that can be held down to very favorable levels, **this stock offers one of the most attractive speculative opportunities on any recession, to say nothing of its dividend-paying ability during periods of prosperity.**

Conclusion

In conclusion, it should be observed that almost all substantial copper issues offer speculative opportunities at this time. However, the probabilities in favor of quick results are to be found among the old-time favorites that have good past records with regard to favorable costs and substantial dividends, and which are traded in regularly in large volume. Following the recent sharp reaction in the general market, the more substantial copper shares are undoubtedly again on the bargain counter, perhaps not for the last time, but probably at prices that will not be soon duplicated.

OIL BONDS AS INVESTMENTS

(Continued from page 263)

of the company's capital stock at $40 per share. This stock is now quoted about 44, so that the exercise of the subscription warrant at the present time would net the holder of a $1,000 bond a profit of about $100. In addition to the regular 8% interest, these bonds will also receive $10 per $1,000 bond for each dollar per share per annum declared in dividends upon the capital stock up to $4 a share so declared. Series B bonds carry a similar subscription warrant to the Series A bonds but they do not have the participating privilege.

Phillips Petroleum 8s also carry a detachable warrant entitling the holder (for 10 years) to purchase from the company at $33⅓ per share, the following amounts of stock: For the first two years, ten shares, and thereafter one share less during each succeeding year. These bonds were offered for sale last October at 99, when the stock was about 25. To-day the stock is selling at about 53, giving a profit on the subscription warrants of over $200 per $1,000 bond.

Conclusion

These examples tend to show the great variety existing in the oil bonds. Among them an investor may obtain the highest type of conservative investment, while if he is of a speculative turn of mind opportunities can be found offering unusual profit possibilities.

Keep away from the "wild cat" companies (those that have yet to discover their supply of oil) and follow carefully the rules laid down in this article for the selection of oil bonds and, in the end, you will have no cause to regret their purchase.

SUGAR INDUSTRY TURNS THE CORNER

(*Continued from page 270*)

ferred dividend but also show something for the common. This is assuming that there is a further reduction in production costs which, last year, were about 7 cents a pound, including freight and other selling expenses.

Conclusion

The 6% preferred dividend has been maintained throughout the business depression, and the stock is a good purchase around the 80 level. The common is, of course, in a much more speculative position, but inasmuch as the company seems to have a somewhat better chance of showing a measurable surplus upon the common stock than many of the other sugar-producing companies the shares at present prices by no means seem to have discounted their possibilities.

AMERICAN SUGAR REFINING

Coming Back

There has been a decided improvement in the business of the American Sugar Refining Company since the first of the year. Meltings of refineries of all companies have increased probably 50% over the corresponding period of 1921. This, naturally, is most encouraging, but at the same time the company has not fully recovered from the upheaval in 1920, and one feature of its position still is the heavy losses suffered during 1921 on account of contracts placed with jobbers and wholesalers at 22½ cents a pound during 1920. At the end of 1921 the company had over $17,000,000 representing 1920 acceptances and undelivered contracts which, while technically an asset, may prove to be very slow in settlement.

Early this year American Sugar sold $20,000,000 15-year 6% bonds to pay off bank loans and drafts. This is not a mortgage issue but, naturally, is a claim upon earnings prior to the claim of share capitalization and really represents, indirectly, the losses of the business depression.

There has always been a great deal of interest in the outside investments of American Sugar Refining. The company has a $15,000,000 investment in sugar mills in Cuba which last year operated at a profit in spite of conditions prevailing, and American Sugar Refining's investments in American beet sugar properties have been productive of substantial revenues for years. Last year, however, the income from the beet sugar investments were rather small, but the company collected $2,500,000 from the Cuban properties in the form of dividends. While no details were available, it does not seem reasonable to expect this revenue every year, as it probably represented accumulated profits. In normal years American Sugar Refining's income from investments ought to be large enough to cover the interest on bonds and dividends on the $30,000,000 preferred stock. Although the bonds are

not a mortgage issue, they are entitled to a good rating and represent an attractive business men's investment.

Conclusion

Dividends on the preferred had been continued without interruption and now that the company is around the corner there should be no further question of the continuance of payments upon the senior shares. At 80 the common looks high for a non-dividend paying issue and probably has been sustained by the existence of a relatively large short interest. There is no question of the immediate resumption of dividends, and even allowing for a substantial improvement in business the common shares do not look speculatively attractive at current levels.

SANTA CECILIA SUGAR
Small and Struggling

Santa Cecilia Sugar is one of the little fellows, producing less than 100,000 bags a year, but got into trouble through no special fault of its own, just like the big fellows. In the year ended July 31, 1921, the company had a loss of over $600,000 and as of that date current liabilities exceeded current assets by $700,000. The company tried, unsuccessfully, to sell an issue of 8% first mortgage bonds to take up bank loans, and therefore banks extended the loans, presumably in hopes that when the sugar industry turned the corner liquidation would be possible.

Santa Cecilia expects to produce about 70,000 bags from this crop, but little profit is expected. There has been some reduction in bank loans, but it seems as if the company's most-promising prospect this year is to clear itself entirely of obligations to the banks, without considering the possibility of earning any surplus for share capitalization. It will probably be another year before the company can count upon profits available for stock.

The common shares now selling in the neighborhood of $5 are likely to fluctuate according to the general conditions in the sugar industry and have some possibilities in a purely speculative way.

MANATI SUGAR
A Compact Little Company

Manati produces about 1½% of the total sugar production of the American-owned companies in Cuba, with output running between 500,000 and 600,000 bags annually. This year's crop production may be a little smaller, but it is not expected that there will be much difference.

Manati has a plant conservatively valued by appraisers at between $16,000,000 and $17,000,000, which is in excellent physical condition and highly maintained. The company has produced sugar at a cost as low as 1½ cents a pound. This record was established in 1913, and 1914, but last year, that is 1920-21, the cost was 4 cents a pound and is likely to be lower for the 1921-22 crop. Manati has had an excellent earnings record and has paid liberal dividends.

May Earn Surplus for Common

The deficit of $1,700,000 incurred in the fiscal year ended October 31, 1921, while

it did not seriously impair the position of the company did cause some financial stringency, together with the large amount of unsold sugar on hand, and early in 1922, $8,000,000 first mortgage 7½% bonds were sold wherewith bank loans were paid off and working capital increased.

If Manati produces and sells something like 500,000 bags of sugar this year and reduces production costs to 2 cents or thereabouts, chances seem good that some surplus will be earned upon the common stock. In any event, interest on the bonds and dividends upon the 7% cumulative preferred ought surely to be earned and both of these issues seem to be worth recommending from an investment standpoint. In connection with the common shares it must be borne in mind that the amount outstanding has been doubled since 1918, but, even so, the company ought to have an earning-power in normally good years of $8 to $10 a share on the junior stock. The common shares, therefore, may be considered a decidedly attraction speculative investment.

SOUTH PORTO RICO SUGAR

Excellent Record

South Porto Rico Sugar, operating in Porto Rico and Santo Domingo, has a truly excellent earnings record. Production has increased from 63,000 tons in 1915 to 112,000 tons at the present time. In the six years ended September 30, 1920, earnings were exceptionally large, and while they came down severely in the year ended September 30, 1921, it is to be noted that the company managed to earn a fraction upon the common stock. Nevertheless, dividends on the common shares were suspended in April, 1921, but the regular 8% rate upon the preferrrd has been continued.

The company financed its needs with a $6,000,000 issue of 7% bonds late in 1921, and judging by past earning power these bonds should be a first-class commitment. The same applies to the preferred stock. Furthermore, there is no reason to doubt the ability of South Porto Rico Sugar to recover earning power, and the common may be expected, eventually, to resume dividend payments. At current price of 52 it is one of the most attractive of all the sugar stocks.

GUANTANAMO SUGAR

Small and Relatively Successful

Guantanamo Sugar produces less than 1% of the sugar produced in Cuba by American owned companies. Its production now runs in the neighborhood of 250,000 bags, on which production it supports a capitalization of $1,500,000 8% preferred stock and 300,000 shares of common stock, having no par value.

The company lost about $1,000,000 in the year ended September 30, 1921, and soon thereafter sold the issue of preferred stock to shareholders. The purpose of the issue was to reduce bank loans and to increase working capital, this working capital being necessary to finance the company through the 1921-22 grinding season. In addition, Guantanamo expended almost a million dollars in improvements during the past year, which are expected to increase efficiency of production and to prove themselves more than adequately compensatory. Guantanamo is a compact little company with its railroad, port and mills. This year's output of sugar should be in the neighborhood of 385,000 bags, which would be the largest outturn in the company's history. Labor costs are nearly normal, and the company has announced its ability to produce sugar this season at extremely low cost.

Conclusion

While Guantanamo is a small company it has room to expand and seems to be in a position to increase operating efficiency and to keep costs low. The 8% preferred ought to be an attractive issue, and the common under $15 a share at least has not discounted possibilities to any greater extent than the common shares of better known and larger companies.

A CORRECTION

In the June 10 issue of the MAGAZINE the article on Middle States Oil reported that the company was in control of the North American Oil & Refining Corporation. This was not quite accurate. Middle States actually owns 83,333 shares of the 1,250,000 shares of the North American Oil & Refining Corporation, but does not control it. We are glad to take this opportunity of making the correction.

WHAT THE TIRE COMPANIES ARE DOING

(Continued from page 259)

is a slight let-up in the demand for tires it will be necessary for all companies to replenish these supplies.

It is significant that every Akron tire manufacturer expresses unrestrained confidence that the present spurt in the automotive industry will continue through July which is ordinarily a month for seasonal slumps and diminished sales.

But whenever there is any recession in sales, tire manufacturers will go back at once to a "hand-to-mouth" policy and will produce only up to current demand. This will mean a fluctuation of employment naturally. Tire manufacturers have not forgotten how costly it was to them to overdo the matter of competition when they built up a huge surplus of tires in 1920, and although they are pursuing more or less unsympathetic methods now against each other, all will watch production closely and will see to it that another big surplus of tires is avoided.

Financial Conditions

As to the financial side of the tire industry it is impossible to state when companies will begin paying dividends again. The General Tire & Rubber Co., one of the very few in the tire industry which did not suspend dividends during the slump, is making regular quarterly payments on common and preferred. Miller was expected to resume preferred dividends June 1 but did not. This is the sixth preferred dividend in arrears for Miller.

Goodyear under the company's $85,000,000 refinancing program negotiated a year ago when E. G. Wilmer became president, representing New York, Chicago and Cleveland bankers, still has its gold-mortgage notes and debentures and prior preference stock to take care of before the company's original holders of preferred and common stock can again participate in dividends.

Commenting upon the future of the tire industry, Paul W. Litchfield, vice-president and factory manager of Goodyear, says:

"We have merely scratched the service of the tire industry for large passenger buses and freight transportation trucks. Even during the recent slump the increase in the use of big buses was really surprising. Bus transportation will replace the street cars in many cities. The future in large tires for such buses is unlimited, for this business is in its infancy."

Harry Quine of the General Tire & Rubber Co. claims tire manufacturers expect to see 12,000,000 passenger cars, buses and trucks in operation in the United States by 1925.

"When that point comes, it will be almost the point of saturation" asserts Quine. "And when that time comes, eight per cent of the vehicles in operation, or 1,000,000, will probably be discarded every year. This will mean at least 4,000,000 tires a year for original equipment, in addition to at least 36,000,000 tires a year to keep the other cars going."

Will Stabilize Production

Manufacturers also say the rapidly growing export business will mean heavier stable production. Export contacts are being established in new districts and tire shipments to foreign countries are increasing rapidly.

Thus viewed from all angles, the tire industry seems assured of a constantly expanding future.

It also seems certain that the prediction made by F. A. Seiberling, that the cord tire would become the ultimate tire with the fabrics gradually discarded, will also be realized. Mr. Seiberling invented the first tire-building machinery and the first straight side tire, also pioneering in the cord tire. It is his belief, based upon 23 years in the tire-manufacturing business, that manufacturers must strive for quality rather than for low price in tires, and that concentration upon the cord tire will help the industry. He also believes that concentration upon the one type of superior tire will make possible lower manufacturing cost and even better quality than at present, and he expresses the firm conviction that the cord tire in years to come will supplant all other casings on the highways of America.

Conclusion

Investors, of course, are naturally interested in the prospects for dividend resumption in this field. Practically without exception the tire-manufacturing companies owing to the great financial difficulties which overtook them last year, have been compelled to omit their dividends. With the tremendous increase in business during the past few months, one might reasonably expect some action to be taken in the near future with regard to distribution of profits to shareholders. Close analysis of this situation, however, indicates that the probabilities for such action are remote.

The value of the present uplift in business among the tire manufacturers is that it gives these companies an opportunity to extricate themselves from their financial embarrassments. They are now mainly engaged in liquidating their indebtedness and it will undoubtedly take time before the managements of these companies consider their charges to be in sufficiently strong position to permit resumption of dividends. Another half year or more will probably take place before even any consideration will be given to this phase of the situation. In the meantime, shareholders in the principal tire companies may remain confident as to the ultimate resumption of dividends in their companies—for this is an industry which should, under ordinary circumstances, be a very prosperous one.

NEWCOMERS ON THE NEW YORK STOCK EXCHANGE

(*Continued from page* 271)

as a fairly attractive semi-speculative investment, as the present dividend was more than twice earned in 1921 and larger dividends are a possibility.

Spicer Manufacturing

Spicer Manufacturing Co. is greatly benefiting by the increased activity in the automobile trade. Its principal products, universal joints, propeller shafts, frames, axles and springs are well known and under present conditions have a ready market. Sales are 100% above those of 1921 and the company is operating at a profit. In 1921 a deficit of $1,055,257 was reported before dividends largely due to inventory depreciation.

At present price of 20 the stock would appear to have good possibilities in view of the improvement in its business.

Sterling Products

Sterling Products is one of the largest manufacturers of household medicines, including Bayer's Aspirin tablets, Cascarets, Danderine and others. In April stockholders voted to purchase Diamond Dyes Co.'s properties valued at $2,500,000. At present price of 50 the stock yields 5% but earnings for the 1st quarter were at rate $9 a share and as the financial condition is strong, an increase in the dividend rate is anticipated in the near future. The company has a very well established business and should continue to do well. **The stock is a good semi-speculative investment.**

White Eagle Oil

White Eagle Oil & Refining Co.'s activities are in the Mid-Continent field and it is a complete unit, being a producer, pipeline-transporter, refiner and marketer. In the past three years the present dividend of $2 a share has been covered with a margin to spare and in view of the increase in the price of gasoline and other refined products it is highly probable that as high as $5 a share will be shown earned in 1922.

At present price of 27 the yield is 7.4% and in view of the increased earnings the company is showing it looks attractive.

TEN PUBLIC UTILITY INVESTMENT SUGGESTIONS

(*Continued from page* 283)

New York State Railway 6½s

While the average investor these days does not take kindly to traction companies, New York State Railways Co. is an exceptionally well-managed street railway property and has been able in the past year to earn bond interest twice over. Company is kept in a high state of effi-

ciency with ample charges for maintenance and depreciation. New York Central owns the larger part of the company's common stock.

The first consolidated mortgage Series B 4½% bonds bearing additional interest of 2% annually are a direct first mortgage, subject to minor divisional closed mortgage issues, upon practically all the company's properties. Selling around 99 the issue shows a yield of 6.57%.

Company controls and operates extensive street and interurban traction properties in upper New York state, including the cities of Rochester, Syracuse and Utica. A statement of earnings for twelve months ended February 28, 1922, showed net available for bond interest of $2,719,259. Interest charges including this issue amounted to $1,314,350. Bonds are listed on the N. Y. Stock Exchange.

Penn Public Service 6s

First and refunding mortgage bonds Series C of Penn Public Service Corporation are due 1947 and selling around 99½ show a yield of slightly in excess of 6% on the investment. Bonds constitute a first mortgage on the new Seward plant which has been acquired together with other important parts of the company's power system. They are not callable until May, 1927, when they can be redeemed at 111¼, the premium decreasing each year thereafter.

Company owns and operates an extensive power system in Cambria, Somerset, Indiana, Clearfield, Centre and Westmoreland counties of Pennsylvania, which includes the city of Johnstown.

Net earnings for twelve months ended March 31, last, were $1,635,350 available for bond interest. Interest charges required $911,850, so that they were earned approximately 1.8 times. It is expected that the new Seward plant will enable the company this year to show a good increase in earning power.

Southern Cal. Edison 6s

Southern California Edison Co. general and refunding 6% bonds are due in 1944, and now selling around par give the investor a net return of 6% combined with a high-grade bond in an excellent company whose earnings are constantly expanding. They are redeemable up to 1942 at 105 and interest, thereafter to maturity at 102. They are secured by a mortgage on all properties subject to small underlying issues.

The 1921 annual report showed net earnings available for bond interest of $3,940,000 and interest charges on total funded debt last year were earned more than twice over.

Southern California Edison Co. is one of the largest hydro-electric properties in this country operating in the southern part of the state.

West Penn Power Co. 7s

West Penn Power Co. 7s due 1946 are redeemable after 1926 at 107 and thereafter at declining premiums. The bond can be considered a high-grade investment proposition and selling around 104 show a yield of close to 7%. There are only $3,000,000 of this issue outstanding, and together with two prior issues they are included in a first mortgage on the properties.

Western Power Co. is controlled by West Penn Railways Co., which in turn is controlled by American Water Works & Electric Co. The West Penn Power Co. is the operating company supplying to territory outside of the city of Pittsburgh. Company for past five years has been more than earning interest charges on funded debt more than twice over.

Mississippi River Power 7s

Mississippi River Power Co. 7% debentures, of which there are $3,486,500 outstanding maturing November, 1935, are now selling around 102, at which price the yield is 6.85%. Company is now earning close to twice its charges on funded debt. Debentures are a direct obligation of the company subject to a prior lien of $18,829,700 first mortgage 5s due 1951. The company is a well-managed hydro-electric proposition operating one of the largest plants in this country, which is located on the Mississippi River at Keokuk.

Net earnings available for bond interest for twelve months ended February 28, 1922, amounted to $2,029,612, while total interest charges on funded debt were $1,185,540.

Puget Sound Power & Ltd. 7½s

Puget Sound Power & Light Co. General and Refunding 7½% mortgage bonds constitute a first lien on the company's properties subject to closed issues of $25,384,000 underlying and divisional bonds. Selling at 105, the bonds show a yield of approximately 7%. Maturity date is May 1, 1941.

Company operates one of the most important power-generating and distributing systems in this country. It operates in the State of Washington and serves the city of Seattle with electric energy. The 1921 annual report showed net earnings available for bond interest of $5,057,640, while total interest charges amounted to $2,229,250, including this issue. Fixed charges are now being earned about twice over.

LEHIGH VALLEY'S EXPANSION PROGRAM

(*Continued from page 267*)

Loomis said that careful study was devoted to formulating a plan to carry out the order of the court. "In seeking a solution of this important problem," he went on, "the management has kept constantly in mind the necessity of comply- the court's decision and at the same time protecting the interests of its large number of stockholders and the owners of its General Consolidated Mortgage Bonds. To bring about the desired result the management has already presented a plan to the District Court for the Southern District of New York. The government has entered certain objections to this plan and the matter is now awaiting argument."

In reply to the writer's question as to the value of the coal properties in ques-

tion, both gross and per share value, Mr. Loomis said: "This is now in the hands of the Court and I prefer not to discuss it."

"On the general subject of rates," said Mr. Loomis, "while no important changes have been made in the Transportation Act of 1920, special attack has been made upon the provision of the law requiring the Interstate Commerce Commission to make rates which will provide the railroad companies with a fair return upon their investment in property used in railroad operation. The 6% return, covered by the Act for the period between the passage of the Act and Feb. 28th, 1922, was not realized. The carriers as a whole earned in 1921 only 3.3% on their property investments despite the provision of the Act which is frequently, but incorrectly referred to as a **'guarantee.'** The railroads are still some way off from the so-called 'reasonable return.'"

"The situation at present is one which requires an attitude on the part of the government and the people which will permit American railroads to reestablish their credit, that they may be able to finance needed improvements to their properties and be prepared to furnish every facility when business revives.

"It may be of more than ordinary interest," concluded Mr. Loomis, "for me to tell you that at present and for some little time back the demand for freight cars on the Lehigh Valley for all sorts of traffic, outside of coal, is the **heaviest in the history of the road.** Observers of the general business situation can draw their own conclusions from this state of affairs."

Mr. Loomis's last remarks are the best evidence that the long expected revival in business has begun and that prosperity will soon show its face above the hills.

Conclusion

Few railroad securities have had so long and successful a record as those of the Lehigh Valley Railroad. Both classes of securities—bonds and stock—enjoy a very high investment rating. Funded debt, including guaranteed mortgages, is $137,475,000. This consists of a variegated assortment of bond issues, of which the collateral trust 6s, due 1928, are among the most popular. These bonds are quoted at around 103, with a yield of about 5¾% to maturity. They are an excellent investment for those desiring a short-term security. Other bonds of the company that have a good market are the consolidated 4s and 4½s, of 2003, quoted at 83 and 90, respectively. Both issues have a high investment rating and are recommended to investors at current levels.

There is only a nominal amount of preferred stock outstanding, amounting to $106,300 of $50 par value. The common stock of $50 par value is outstanding to the amount of $61,501,700. This issue has the magnificent record of having paid dividends without interruption from organization in 1858 to 1893, dividends being in default in the period of 1894-1903. Since the latter year dividends have been paid regular-

ly. Dividends of 7% have been paid in 1920 and 1921 and are being continued at this rate. The price of the stock is about 60, with a yield of 5.80%. In the past ten years the stock has sold as high as 77. The road is in an exceptionally strong financial position and earnings are easily in excess of the current dividend rate. After segregation of the coal companies, sufficient amount should be returned to the company's treasury to permit the payment of a handsome stock dividend to present Lehigh Valley shareholders. The stock has been under persistent accumulation and while it has had a substantial advance during the past few months, it is still attractive as a speculative investment oi very high rank.

Securities and Commodities Analyzed in This Issue

TRADE TENDENCIES

(Continued from page 285)

comparatively inactive period of recent months is plainly evident in the effect of current demand on price levels. The buying for domestic and foreign account has developed actively, lifting quotations for both raw and refined sugar to new high levels for the year.

Refining interests are engaged in spirited purchasing to meet their requirements, with the result that raw sugar shows a strong upward tendency. Increased demand from the refineries is due to expanding consumption of soft drinks and ice cream. The fact that many of the sugar refining companies have contracted for delivery of sugar well into the future is an added factor in the situation. Cuban sugar producers have been placed in a much stronger position by the strengthening market and are entertaining firmer ideas in relation to prices, thus contributing further elements of stability to the rise.

Revised estimates of the Cuban crop indicate a larger output than previously anticipated, and the carry-over for 1922 will be large, although less than last year. Total domestic production this season was slightly under that for 1920-21. There should thus be a plentiful supply for all requirements, but with consumption steadily increasing, no difficulty in working off the remaining surplus of last-season sugar is likely to be experienced. Several reasons for continued heavy consumption may be given, namely: expanding industrial activity, recovery of farmer purchasing power, passing unemployment and reduction of stocks in the hands of canning and preserving companies.

Export demand for sugar is also on the increase, shipments to all countries from Cuba showing notable increases over last year. Supplies of the commodity in European countries are low while the more favorable exchange situation is conducive to increasing consumption from abroad.

Although some irregularity may develop after the recent spurt, the broad trend of consumption is toward further expansion. Prices of both raw and refined sugar should therefore be well maintained, with a gradually higher level in prospect during the next few months. The recovery in prices and demand will undoubtedly be reflected in the earnings and financial statements of the sugar companies, being especially favorable to liquidation of bank loans incurred in last season's slump.

CHEMICALS

More Stable Market

While current demand for chemicals can scarcely be termed active, the situation is not without favorable features. Production has been on a reduced scale for so long that stocks are nearly depleted. In fact, consumers have had difficulty in obtaining deliveries in some lines, even

though current buying is largely of the hand-to-mouth variety. Such buying as has been in progress has produced a higher price level and any marked increase would undoubtedly be reflected in some sharp advances since the market, in its present condition, is rather sensitive.

The prospect for a sudden turn is not very promising, more especially since the summer season is apt to witness slackening demand. However, the present limited output, combined with low inventories, must ultimately bring about a relative shortage when consumers finally alter their position and begin to purchase freely. Foreign material does not seem to be in over-supply, and, furthermore, prices, as compared with domestic products, are not especially attractive. Collectively, all factors point to gradually firmer quotations and general improvement in the industry later in the year.

Drugs are moderately active and stocks are low. An unusual development in this branch of the chemical industry is the diversity and volume of export business which has lately been leaving the country through the New York market. Exports of dyestuffs are increasing slightly, but the total is well below that of two or three years ago. The effect of restricted exports on the domestic manufacturer of dyes is rather unfavorable because present-day capacity is considerably in excess of the needs of the domestic markets.

Buying of fertilizers for the current season is practically at an end and interest is turning to contracts for next year's requirements. Earnings in the past season may not have been up to the mark, nevertheless the season's total sales were larger than had originally been expected, and the year's total was looked upon as satisfactory. Stocks of old material were almost if not entirely liquidated, thus putting the industry on a sound basis for next season's business. Bank loans are still heavy and these are an unfavorable feature, but another year should witness the satisfactory reduction of frozen credits. The outlook for fertilizer companies is for gradual return to more normal conditions.

TEXTILES

Conditions Irregular

Higher-priced raw materials have caused manufacturers of textiles to increase their quotations for finished goods, and while this has brought about greater activity among jobbers and retailers who are anxious to obtain a supply of manufactured materials for future needs, consummers still show a disposition to resist increased prices, thus preventing more active movements of manufactured products. As there appears to be little possibility of a decline in either raw material or other costs, it would seem that manufacturers will have to be content with narrow profits until the public shows willingness to purchase at higher levels. Meanwhile, retailers are finding it necessary to maintain attractive quotations in order to stimulate sales.

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June 24

To the Stockholders of

Midvale Steel and Ordnance Company
Inland Steel Company
Republic Iron and Steel Company

After careful negotiations and consideration, the respective Boards of Directors of the three above named Companies have approved the outline of a plan for the unification of the properties of the three Companies and have authorized the undersigned to formulate a final plan to be submitted to the respective Boards of Directors and when approved by them to be submitted to the stockholders of the different Companies.

So much erroneous interpretation of the proposed plan has been given publicity during the last few days that, pending preparation of the final plan, the undersigned make the following statement, which is based upon the reports of Messrs. Price, Waterhouse & Co. and Messrs. Arthur Young & Co., Public Accountants, and upon other documents and data which we believe to be reliable and correct.

All steps that will be taken in formulating the plan and in consummating the same will be subject to the advice of the respective counsel of the different Companies.

It is proposed that the Midvale and Inland Companies will consolidate and merge and take the name NORTH AMERICAN STEEL CORPORATION. This Corporation, hereinafter called the Company, will acquire, subject to its liabilities, the assets of the Republic Company. Before the unification of the properties, Midvale will place its Nicetown plant and certain assets and liabilities connected with the operation of it in a separate Corporation, stock of which will be distributed pro rata among the stockholders of the Midvale Company, as hereinafter stated. This separate Corporation will thereafter continue as a separate enterprise for the manufacture of the ordnance, armor plate and special steel products to which it is adapted.

CAPITALIZATION

Upon the consummation of the plan, the issued capital will be as follows:

Bonds and other Fixed Charge Obligations	**$79,173,500**
New Preferred Stock of $100 par value	**50,331,475**
Shares of New Common Stock without par value	**3,309,612**

The $79,173,500 Bonds and Fixed Charge Obligations will consist of $60,599,500 Bonds and gauranteed obligations of the Midvale Company, or its subsidiaries; $13,357,000 bonds and other obligations of the Republic Company or its subsidiaries; and $5,217,000 Bonds and other obligations of the Inland Company, all of which, in addition to the other liabilities of the three corporations, are to be assumed by the Company.

The $50,331,475 Preferred Stock is to be 7% cumulative and is to be convertible until July 1, 1934, into Common Stock at the rate of four shares of Preferred Stock for five shares of Common. It is to be redeemable at the option of the Company at 115% and accrued dividends. Of the amount to be presently issued, $25,000,000 par value is to be issued to provide in part for the acquisition of the properties of the Republic Company, and $25,331,475 par value is to be issued and the proceeds thereof, amounting to $24,064,901, is to be paid by the Company to the stockholders of the Inland Company.

The 3,309,612 shares of no par value Common Stock are to be issued as follows:

To Midvale shareholders	**1,500,000**	**shares**
To provide in part for the acquisition of the properties of Republic Iron & Steel Company	**510,000**	**"**
To Inland shareholders	**709,281**	**"**
To be sold for cash	**590,331**	**"**

DISTRIBUTION OF SECURITIES

On completion of the Plan, each holder of one share of stock of Midvale Company will be entitled to receive:

(1) Three-fourths of a share of the New Common Stock, and

(2) One-fourth of a share of stock of the corporation which is to take over the Nicetown plant.

Each holder of one share of stock of the Inland Company will be entitled to receive:

(1) $23.75 in cash and

(2) Seven-tenths of a share of the New Common Stock.

Each holder of one share of stock of the Republic Company will be entitled to receive:

(1) with respect to each share of Preferred Stock, one share of new Preferred Stock and an amount of cash necessary to provide for the then unpaid dividends on such Preferred Stock of the Republic Company;

(2) with respect to each share of Common Stock, one and seven-tenths shares of new Common Stock.

It is intended that a syndicate will be formed to provide for the cash requirements of the plan, including the provision of $20,000,000 additional cash working capital, which will make the total working capital of the Company over $100,000,000.

Messrs. Kuhn, Loeb & Co. have agreed to act as bankers for the plan.

The plan contemplates that the Company will sell to Mr. Thomas L. Chadbourne, for services rendered 25,500 Common Shares at $10 per share, and to Messrs. Kuhn, Loeb & Co., 59,500 Common Shares at $10 per share.

FIXED CHARGES AND EARNINGS

It is estimated that upon the consummation of the plan, the fixed charges of the Company will amount to $3,913,085 per annum (which is about 74c. per ton of rated ingot capacity) and the Preferred Stock Dividends to $3,523,203 per annum (which is about 67c. per ton of rated ingot capacity). The total rated ingot capacity of the Company will be 5,249,000 tons per annum.

The book value as of December 31, 1921 (which is far below the present replacement figures) of total net assets of the Midvale, Republic and Inland Companies, including the $20,000,000 new cash working capital (but excluding the Nicetown Plant) totals about $284,000,000.

The earnings of these three Companies (exclusive of the Nicetown Plant earnings) applicable to dividends on the Preferred and Common Stock, that is, after deduction of bond and other interest, Federal and other taxes and adequate depreciation, as compiled from the annual accounts for the ten years ending December 31, 1921, averaged $20,462,248 per annum and were as follows:

1912	**$7,435,421**	**1917**	**$60,257,399**
1913	**10,164,892**	**1918**	**34,598,221**
1914	**3,379,545**	**1919**	**11,612,487**
1915	**13,702,110**	**1920**	**22,429,534**
1916	**52,595,325**	**1921**	**(Loss) 11,552,446**

Since the year 1916 the three Companies have expended more than $120,000,000 for improvements and additional facilities, greatly increasing capacity and reducing operating costs so that the earnings reported for the past ten years do not fully reflect the earning power of the three Companies as now situated.

ADVANTAGES OF THE PLAN

Some of the essential reasons for the proposed unification of the properties of the Companies may be stated as follows:

(1) Increased economy, resulting from the mining of a larger tonnage of ore, coal and limestone under one control, together with the economic advantage of better distribution for the use of such products.

(2) Stronger management through the combined ability of the principal officers of the respective Companies to direct the operations.

(3) With plants located at Johnstown, Pa., Coatesville, Pa., Youngstown, Ohio, Niles, Ohio, and Chicago, Ill., and with facilities for steel production in the Southern field of Birmingham, Ala., the Company will be in better position to serve the consuming trade with a larger diversity of products and to effect a substantial saving in the selling and administrative costs.

The foregoing plan is subject to changes to meet conditions and circumstances and the opinion of counsel.

While the details of the organization of the Company have not been definitely settled, the undersigned will continue to be identified with its management.

CHADBOURNE, BABBITT & WALLACE
and A. H. WINTERSTEEN,
Counsel, Midvale Steel & Ordnance Company.
MAYER, MEYER, AUSTRIAN & PLATT,
Counsel for Inland Steel Company.
SIMPSON, THACHER & BARTLETT,
Counsel for Republic Iron and Steel Company.
New York, June 7, 1922.

W. E. COREY,
Chairman of the Board, Midvale Steel and Ordnance Company.
L. E. BLOCK,
Chairman of the Board, Inland Steel Company.
JNO. A. TOPPING,
Chairman of the Board, Republic Iron and Steel Company.